



SAKHISIZWE MUNICIPALITY

Final

MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2017/2018 TO 2019/2020

ANNUAL BUDGET OF

SAKHISIZWE MUNICIPALITY

2017/18 TO 2019/20
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipal Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
IDP	Integrated Development Strategy	PTIS	Public Transport Infrastructure System
IT	Information Technology	RG	Restructuring Grant
kℓ	kilolitre	RSC	Regional Services Council
km	kilometre	SALGA	South African Local Government Association
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MEC	Member of the Executive Committee		

Part 1 – Annual Budget

1.1 Mayor's Report

The Speaker, Municipal Manager, Councillors, Officials and Members of the community:

It is my pleasure to be able to submit to you the Integrated Development Plan for the next five years (2018-2022) as well as the Medium-term Revenue and Expenditure Framework (MTREF) for 2018 -20 for the Sakhisizwe Municipal Council.

The economic environment in which we as Sakhisizwe Municipality functions, is not easy, considering our high rate of unemployment and poor revenue base, made worse over the past few years, by the downturn in the economy caused by the world economic recession resulting in such negative economic contributors as sky rocketing fuel and food prices.

In the light of these factors over which we have little or no control we are faced as a municipality with a daunting task and the challenge of

- A huge backlogs in service delivery,
- The socio-economic problems of high unemployment and poverty levels.
- And the realisation that solutions to these challenges can potentially be in conflict with or complement each other.

Today I am able to report to you on the progress made in implementing financial controls, processes and procedures resulting in the drafting of a credible IDP and a credible budget linked and driven by our IDP and the national objectives of:

- Service delivery
- Financial viability and management
- Local economic development
- Municipal institutional development and transformation.
- Good governance and public participation

We as Council committed ourselves to lead by example in ensuring strict financial oversight and compliance with the guidelines of National Treasury as set out in circular 51- 85 of the MFMA.

In order to achieve this we as the Council and Executive Committee, committed ourselves to providing leadership based on a culture of honesty, ethical business practices and good governance by exercising our oversight responsibility regarding financial and performance reporting as well as adherence to compliance and implementation of internal controls.

We identified the need to support the Accounting Officer and address the management of the financial affairs of the municipality as a matter of urgency.

Allow me now to highlight areas of focus within our departments:

Strategic management

Our public participation and community involvement is an area in which we pride ourselves on our achievements.

In the new financial year our focus will be on building on our achievements in this area and building on the co-operation between the office of the Mayor and the office of the Speaker through the Strategic Manager to ensure we are a leader in the field of public and community participation.

The strategic plan that we have developed, aligns to the IDP and budget and we will in the year ahead ensure the strategic plan is the basis on which we implement all projects.

Corporate services

Our organogram has been developed to ensure that it is consistent with the needs of the organisation. In the months ahead we will further engage with Labour on the organogram and the filling of vacant positions.

The effectiveness of the governance systems is being assessed and staff within the institution must work in an integrated and focussed manner driven by the IDP.

We are striving that Sakhisizwe Municipality becomes an employer of choice that capacitates both the councillors and staff.

Community services

The areas I wish to highlight within the community services department relate to revenue enhancement and solid waste sites.

The development and establishment of a traffic section within Sakhisizwe municipality has been identified as a source of revenue enhancement coupled to ensuring the safety of our community.

The solid waste site and its completion remain a priority and we shall continue in the new financial year to access and allocate funds to this critical area within community services.

We have allocated R12 500 Million to a Sport Facility complex in Ward 2.

IPED

The 5 year IDP which has been developed and is tabled for adoption today is a reflection of community, sectoral and stakeholder input and involvement and will be our guide over the remainder of our term of office.

Local economic development is a crosscutting function which requires the involvement of all within the institution.

We have within the spatial development framework of our IDP focussed on potential areas of growth and despite our limited resources, have accessed resources to develop these potential areas of economic growth through LED projects.

We plan to utilise our interactions with business forums to assist them to bring together established and emerging businesses to share experience and ideas.

Infrastructure

The focus of MIG funding will be to ensure that projects are identified within IPED, community and infrastructure to ensure the maximum impact on our community.

The emphasis will be on finalising our road projects and continuing on the electrification of our villages.

We have allocated R16 000 million toward infrastructure, economic and environmental services

Finance

The process is on-going to ensure credible data that forms the basis of our financial reporting and to this end we will ensure that the SEBATA system is implemented and used as a management tool.

As a municipality we are grant dependant and to this end it is necessary to develop a plan for revenue enhancement to reduce our dependence and improve our financial viability. Hence one of the projects under financial viability is the development of a revenue enhancement strategy.

In the new financial year we will look to ward councillors and committees in assisting us with our debt management and will further table to council strategies and plans to improve our current collection and payment rate of 50%.

Budget figures

The budget tabled today projects the following:

Increases

The tariff increases on services will be an average of 6%.

The electricity increase is an average of 2.50% and is in line with NERSA guidelines.

By-laws and policies

Council has by- laws and policies in place.

Income and expenditure

Operating budget

Total revenue:	R 125 344 000
Total expenditure:	R 96 281 000
Projected surplus:	R 29 064 000

The implication of this is to alert us to the need for strict budget implementation and control during the financial year.

Capital budget:

Grant funding:	R 31 850 000
Own funds:	R 1 350 000

Total capital expenditure: R 31 850 000

I hereby table the Medium term Revenue and Expenditure Framework for 2017/18 for adoption by the Sakhisizwe Council as per the resolutions below:

.....

CLLR S. NXOZI

MAYOR

1.2 Council Resolutions

It is recommended that the Council consider and adopt the following resolutions for the final annual budget of 2017/18 financial year:

The Council of Sakhisizwe Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) adopts:

- 1.1. The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budget Summary reflected in Table A1;
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by standard classification) reflected in Table A2;
 - 1.1.3. Budgeted Financial Performance (revenue and expenditure by municipal vote) reflected in Table A3;
 - 1.1.4. Budgeted Financial Performance (Revenue and Expenditure) reflected in Table A4;
 - 1.1.5. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source reflected in Table A5 as well as individual capital projects reflected under SA36;
- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management, basic service delivery targets and measurable performance objectives are approved as set out in the following tables and supporting tables attached in the budget documentation:
 - 1.2.1. Budgeted Financial Position reflected in Table A6;
 - 1.2.2. Budgeted Cash Flows reflected in Table A7;
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation reflected in table A8;
 - 1.2.4. Asset management in Table A9;
 - 1.2.5. Basic service delivery measurement reflected in Table A10;
 - 1.2.6. IDP strategic objectives reflected in Supporting Table SA4-SA6.
2. The Council of Sakhisizwe Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts the following tariffs as attached in the budget documentation, with effect from 1 July 2018:
 - 2.1. the tariffs for property rates which are increasing an average of 6 %;
 - 2.2. the tariffs for electricity which on average increasing by an average of 2.50 per cent;
 - 2.3. the tariffs for solid waste services which are increasing an average of 6 %.
3. The Council of Sakhisizwe Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) considers and adopts with effect from 1 July 2018 the tariffs for other services, which are increasing on average by 6 per cent, as set out in the attached budget documentation.

4. Council resolves that the budget related policies reflected in Annexure A and listed below are approved for the budget year 2017/18.

- Budget Policy
- Corruption & Fraud Policy
- Credit Control and Debt Collection Policy
- Debt Write-off Policy
- Asset Management Policy
- Indigent Policy
- Investment & Cash Management Policy
- Information Technology Policy
- Rates & Bylaws Policy
- Tariff Policy
- Supply Chain Management Policy
- Interest Reversal Policy
- Loans Policy
- Unforeseen & Unavoidable Expenditure Policy
- Administration of Immoveable Property Policy
- MFMA Delegation Policy

5. To give proper effect to the municipality's annual budget, the Council of Sakhisizwe Municipality resolves that:

5.1. Cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities. The Municipal Budget and Reporting Regulations, as well as various circulars issued by National Treasury, provides the guidance for budget preparation by local government.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. In addition, the municipality during January 2017 proactively embarked on a strategic long-term financial sustainability exercise in order to ensure that this budgets, as well as future budgets, are compiled to ensure that services to the community remains at high levels without overburdening the consumers of municipal services with excessive tariffs.

The main areas identified by the strategic planning exercise can be summarised as follows:

- Improvement of service delivery;
- Underdeveloped areas;
- Impoverished communities;
- Co-operative governance;
- Unfunded mandates, core functions service delivery agents;
- Land availability for e.g. economic development;
- Land availability for establishing tip-sites;
- Alternative service delivery options;
- Obtaining a "clean audit" inclusive of performance management;
- Delegation- and procedure manuals;
- Risk management;
- Improved planning beyond 5 years;
- High crime rate;
- Service delivery backlogs;
- Improved maintenance programs;
- Local economic development facilitation;
- Adequacy of municipal reserves and financial sustainability;
- Curtail electricity losses;
- Tourism initiatives; and
- Improved public participation.

For each of these risk areas the municipality is compiling business plans in order to prioritise expenditure according to the risk ratings. These business plans will all be implemented over the MTREF period according to available funding; however, in the 2017/2018 financial year limited provision was made for the implementation of the business plans.

The Municipality has also embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. The municipality, however, acknowledges that there can never be too much information and involvement in its interaction with the public at large, and for that reason it is still identified as a major risk area.

National Treasury's MFMA Circulars No. 58, 59, 66 and 85 as well as the Strategic Workshops and IDP consultation processes, were mainly used to guide the compilation of the 2017/18 MTREF. Some of the key challenges faced by the municipality when compiling the budget were:

- The on-going difficulties in the national and local economy;
- Aging roads and electricity infrastructure;
- The need to prioritise projects and expenditure within the existing resource envelope;
- The increased cost of electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be a point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects and the resultant operational costs associated with new infrastructure projects; and

The municipality is in a healthy financial position, however, it needs to at least stabilise and further stride to continuously better its financial position, coupled with acceptable levels of service delivery at affordable tariffs. The retention of sufficient cash-backed reserves is critical for the long-term sustainability of the municipality.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The 2016/17 Adjustments Budget priorities and targets, as well as the base line allocations contained in the Adjustments Budget were adopted as the upper limits for the new baselines for the 2017/18 annual budget;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- The budget must be spent in full, and all grants should be utilised in full.;

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

EC138 Sakhisizwe - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges	-	-	-	-	-	-	-	12 821	13 577	14 365
Investment revenue	-	-	-	-	-	-	-	862	912	965
Transfers recognised - operational	-	-	-	-	-	-	-	64 415	64 628	65 738
Other own revenue	-	-	-	-	-	-	-	8 751	9 267	9 673
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	92 299	94 157	96 849
Employee costs	-	-	-	-	-	-	-	36 823	38 360	40 585
Remuneration of councillors	-	-	-	-	-	-	-	8 408	8 905	9 421
Depreciation & asset impairment	-	-	-	-	-	-	-	6 788	7 188	7 590
Finance charges	-	-	-	-	-	-	-	424	449	460
Materials and bulk purchases	-	-	-	-	-	-	-	9 667	10 238	10 831
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	34 170	33 491	35 302
Total Expenditure	-	-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit)	-	-	-	-	-	-	-	(3 981)	(4 474)	(7 341)
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	33 045	20 359	21 613
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	29 064	15 885	14 272
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	29 064	15 885	14 272
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	31 850	22 860	24 264
Transfers recognised - capital	-	-	-	-	-	-	-	30 500	20 359	21 613
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	1 350	2 501	2 650
Total sources of capital funds	-	-	-	-	-	-	-	31 850	22 860	24 264

Total operating revenue has decreased by 1.42 per cent for the 2017/18 financial year when compared to the 2016/17 Adjustments Budget. For the two outer years, operational revenue will increase by 2.01 and 2.85 per cent respectively. The main reason for the increase in revenue is an increase in operational grants.

Total operating expenditure for the 2017/18 financial year has been appropriated at R96 281 million and translates into a budgeted surplus of R29 064 million after capital transfers. When compared to the 2016/17 Adjustments Budget, operational expenditure has decreased by 1.30 per cent in the 2017/18 budget and increases by 2.44 and 5.63 per cent for each of the respective outer years of the MTREF. The operating surplus, after capital grant transfers, increased to R29 064 million for the 2017/2018 financial year.

The capital budget is R31 850 million for 2017/18 financial year. The capital programme decreases to R22 860 million for the 2018/19 financial year and to R24 264 million for the 2019/20 financial year.

As indicated above no borrowing for capital projects is planned. The municipality is still well within the limits of its borrowing capacity but will raise very limited loans in the near future in order to curtail possible rising debt servicing costs.

1.4 Operating Revenue Framework

For Sakhisizwe Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality will also have to seek for funding to develop a revenue enhancement strategy. The latter will assist the municipality to identify areas to improve their revenue collection. In the absence of a revenue enhancement strategy, the following information were used to help the municipality's revenue management

- National Treasury's guidelines and macroeconomic policy;
- Limited growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure an improved percentage increase in annual collection rate for property rates and other key service charges. This percentage is low compared to past history, but is being calculated conservatively due to the signs of financial stress currently being experienced;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increased ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The inflation forecasts for the MTREF period is on average 6.0% per annum. The municipality's aim is to not exceed inflation in its annual tariff adjustments but external factors such as the Eskom increases and which are beyond the control of the municipality hampers this goal.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

EC138 Sakhisizwe - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges	-	-	-	-	-	-	-	12 821	13 577	14 365
Investment revenue	-	-	-	-	-	-	-	862	912	965
Transfers recognised - operational	-	-	-	-	-	-	-	64 415	64 628	65 738
Other own revenue	-	-	-	-	-	-	-	8 751	9 267	9 673
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	92 299	94 157	96 849

The percentage revenue from own sources increases during the budget year. In the two outer years of the MTREF the increases in revenue is fairly consistent, except electricity which is projected to increase by much higher percentages due to the increases allowed by NERSA. The growth in revenue contributions are indicated below (Excluding Capital Transfers). In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

EC138 Sakhisizwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges - electricity revenue	2	-	-	-	-	-	-	-	9 130	9 668	10 229
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	3 691	3 909	4 135
Service charges - other									-	-	-
Rental of facilities and equipment									1 213	1 284	1 359
Interest earned - external investments									862	912	965
Interest earned - outstanding debtors									4 501	4 767	4 912
Dividends received									-	-	-
Fines, penalties and forfeits									35	37	39
Licences and permits									505	535	566
Agency services									1 568	1 661	1 757
Transfers and subsidies									64 415	64 628	65 738
Other revenue	2	-	-	-	-	-	-	-	929	984	1 041
Gains on disposal of PPE									-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	92 299	94 157	96 849
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	36 823	38 360	40 585
Remuneration of councillors									8 408	8 905	9 421
Debt impairment	3								7 500	7 943	8 403
Depreciation & asset impairment	2	-	-	-	-	-	-	-	6 788	7 188	7 590
Finance charges									424	449	460
Bulk purchases	2	-	-	-	-	-	-	-	9 446	10 003	10 583
Other materials	8								222	235	248
Contracted services		-	-	-	-	-	-	-	10 797	9 215	9 620
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	15 873	16 333	17 279
Loss on disposal of PPE									-	-	-
Total Expenditure		-	-	-	-	-	-	-	96 281	98 631	104 190

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality, but operating grants forms the major funding source.

This growth can be mainly attributed to the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs for bulk electricity. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. **Details in this regard are contained below:**

Tariffs for indigent households are set out below:

1	Rates free of charge to the value based on market value of this property to the maximum of R15 000
2	50 kWh free electricity per month
3	Free refuse x 4 removal per month

Operating grants and transfers totals R92 299 million in the 2017/18 financial year and increases to R96 849 million by 2019/20. Operating grants usually fluctuates upwards or downwards from year-to-year, as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependant on the funding available from the other spheres of Government. The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. The contribution for Councillors Allowances also increased significantly for the budget year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

EC138 Sakhisizwe - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	-	-	-	-	64 035	64 248	65 336
Local Government Equitable Share								59 593	61 476	62 498
Local Government Financial Management Grant								1 700	1 700	1 700
National Government - Municipal Infrastructure Grant								1 634	1 072	1 138
Municipal Systems Improvement								-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities								1 108	-	-
Integrated National Electrification Programme								-	-	-
Provincial Government:		-	-	-	-	-	-	380	380	402
Libraries, Archives and Museums - Library Service								380	380	402
District Municipality:		-	-	-	-	-	-	-	-	-
Beautification of Towns								-	-	-
Eagle Eye								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	-	-	-	-	-	64 415	64 628	65 738
Capital Transfers and Grants										
National Government:		-	-	-	-	-	-	33 045	20 359	21 613
National Government - Municipal Infrastructure Grant								31 045	20 359	21 613
Integrated National Electrification Programme								2 000	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Beautification of Towns								-	-	-
Eagle Eye								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	-	-	-	-	33 045	20 359	21 613
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	97 460	84 986	87 351

Revenue from capital transfers as indicated below is decreasing from R33 045 million in 2017 to R21 613 million in 2019 over the MTREF period. The reason for the decrease is the once off MIG allocation of R12 500 Million in the 2017/18 financial year for a sports field in Ward 2.

Total Capital Transfers and Grants	5	-	-	-	-	-	-	33 045	20 359	21 613
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	-	97 460	84 986	87 351

Total revenue per municipal vote, including capital transfers, is listed below:

EC138 Sakhisizwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	3 368	3 535	3 702
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	66 558	68 783	70 037
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	75	79	84
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	46 425	32 696	34 671
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	8 918	9 422	9 969
Total Revenue by Vote	2	-	-	-	-	-	-	125 344	114 516	118 462
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	13 690	14 497	15 338
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	28 451	27 912	29 384
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	18 725	19 830	20 965
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	918	814	861
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	18 609	18 437	19 506
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	15 886	17 141	18 135
Total Expenditure by Vote	2	-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	29 064	15 885	14 272

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by an external agency, the impact it has on the municipality's electricity tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

The municipality budgets for the non-payment of accounts based on past experience of recovery rates. The municipality applies its Credit Control Policy stringently but there are always situations where there are defaults on payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R50 000;
- The limit for indigent household's income is twice the amount of government social pensions.

The municipality investigates a tariff structure consistent with operational requirements but also to ensure that the ratepayers are not over-burdened.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a general 6 per cent increase from 1 July 2018.

SAKHISIZWE MUNICIPALITY		
BUDGET 2017 - 2018		
TARIFFS & CHARGES - ASSESSMENT RATES		
Description	2017/2018	2016/2017
	Cent	Cent
On total value of property	0.004418669	0.004168556
Differential Rating		
Different rates shall be applied to different category of property.		
The choice of rate shall take into consideration socio economic objectives of the municipality.		
Rates shall be charged at the following ratios:		
Special Residential: Ratio 1.0	0.004419	0.004168556
General Residential: Ratio 1.0	0.004419	0.004168556
Industrial: Ratio 1.5	0.006628	0.006252834
Agricultural land for Farming: Ratio 0.25	0.001105	0.001042139
Agricultural land for Eco-Tourism: Ratio 0.25	0.001105	0.001042139
Agricultural land for Trading: Ratio 0.25	0.001105	0.001042139
Business: Ratio 1.5	0.006628	0.006252834
Government Property use by local people only: Ratio 1.5	0.006628	0.006252834
Government Property serving communities in Sakhisizwe and neighbouring municipalities: Ratio 1.5	0.006628	0.006252834
Government Properties that serves national interest Ratio 1.5	0.006628	0.006252834
Increase %	6.00	6.00
Standard Interest rate + 1% would be charged on all late payments.		
Tariffs are applicable throughout SAKHISIZWE Municipality unless indicated otherwise		
The tariff is cents in the rand		

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 1.88 per cent increase in the Eskom bulk electricity was given by NERSA. However, NERSA has indicated a 1.88% tariff increase to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the consumer tariff had to be increased by an average of 2.50% per cent to offset the additional bulk purchase cost from 1 July 2018. Furthermore, it should be noted that given the magnitude of the tariff increase, it is expected to depress growth in electricity consumption, which will have a negative impact on the municipality's revenue from electricity. Registered indigents will again be granted 50 kWh per 30-day period free of charge.

ELECTRICITY TARIFFS & CHARGES (Excl VAT)

Standard interest + 1.00% would be charged on all late payments

Implementation subject to NERSA approval

Tariffs are applicable throughout Sakhisizwe Municipality unless indicated otherwise

SAKHISIZWE MUNICIPALITY		
BUDGET 2017 - 2018		
TARIFFS & CHARGES - ELECTRICITY		
Description	2017/2018	2016/2017
Domestic Conventional		
Energy Charge - per Unit (c/kWh) consumed		
Block 1 - 0 - 50 kWh	0.8663	0.8504
Block 2 - 51 - 350 kWh	1.1033	1.0764
Block 3 - 351 - 600 kWh	1.4895	1.4531
Block 4 - > 600	1.7874	1.7438
Domestic Prepaid		
Energy Charge - per Unit (c/kWh) consumed		
Block 1 - 0 - 50 kWh	0.8663	0.85
Block 2 - 51 - 350 kWh	1.1033	1.08
Block 3 - 351 - 600 kWh	1.4895	1.45
Block 4 - > 600	1.7874	1.74
Commercial Tariffs - Small Users 0-59 Amps (Conventional)		
Basic / Availability Charge - per month	266.14	257.14
Energy Charge - per Unit (Kwh) consumed	1.0639	1.03
Commercial Tariffs - Small Users 0-59 Amps (Prepaid)		
Basic / Availability Charge - per month	266.14	257.14
Energy Charge - per Unit (Kwh) consumed	1.0639	1.03
Commercial Tariffs - Medium Users 60-100 Amps (Conventional)		
Basic / Availability Charge - per month	432.87	418.24
Energy Charge - per Unit (Kwh) consumed	1.4140	1.37
Commercial Tariffs - Medium Users 60-100 Amps (Prepaid)		
Basic / Availability Charge - per month	432.87	418.24
Energy Charge - per Unit (Kwh) consumed	1.4140	1.37
Industrial Large Power Users 0-15 Amp		
Basic / Availability Charge - per month	963.15	930.58
Energy Charge - c/kWh	1.0625	1.0266
Demand Charge: /kVa	99.5091	96.1440
Industrial Large Power Users 16-30 Amp		
Basic / Availability Charge - per month	963.15	930.58
Energy Charge - c/kWh	1.0625	1.03
Demand Charge: /kVa	112.3766	108.5765
Industrial Large Power Users > 100 Amp		
Basic / Availability Charge - per month	963.15	930.5801
Energy Charge - c/kWh	1.0625	1.0266
Demand Charge: /kVa	137.4990	132.8493
Consumer Deposits (to be paid prior connection)		
Domestic / Residential	1 327.48	1 282.59
Businesses / Commercial (Small): 0 - 59 Amp	1 659.36	1 603.24
Businesses / Commercial (Medium): 60 - 100 Amp	2 322.04	2 243.52
Businesses / Commercial (Large): 100 + Amp	3 318.70	3 206.47
Availability Fees		
Electricity	6.19	5.98

Other		
New Connection (to be paid in Advance) - Material & Labour plus	30%	30%
Re-connecting existing connection	250.00	250.00
Re-connecting (after default / disconnection) - 1st Offence	2 000.00	2 000.00
2nd	5 000.00	5 000.00
3rd	5 650.00	5 650.00
4th Criminal Charge - Permanently disconnect	6 780.00	6 780.00
Test Meter (Not Refundable)	150.00	150.00

Electricity is regarded as a trading account which should make a profit, although NERSA monitors and limits this profit to about 10% if possible. The municipality does not make a profit on electricity and must implement ways of achieving a profit, without overburdening the consumers with exorbitant tariffs. The municipality needs to establish the causes for electricity losses.

Electricity line losses should be continuously monitored as it can represent a significant financial loss for the municipality. In general electricity line losses of 10% are being regarded as "acceptable" in the industry and Sakhisizwe Municipality is well above that norm.

Comparison between current electricity charges and increases

It should further be noted that NERSA has advised that a stepped tariff structure must be used. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The Municipality should comply with this requirement.

1.4.3 Waste Removal and Impact of Tariff Increases

The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main cost drivers for this section are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. In addition, the cost of new landfill sites, the effect of depreciation and rehabilitation on these landfill sites all plays an important role as cost drivers. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models. The outcomes of this investigation should be incorporated into the next planning cycle.

Higher increases than inflation will not be viable in 2017/18 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 6 per cent would not only be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt, but also, although on a small scale, not assisting the national government in reaching the CPIX target of between 3 and 6 per cent.

The following table compares current and proposed amounts payable from 1 July 2018:

Comparison between current waste removal fees and increases

SAKHISIZWE MUNICIPALITY		
BUDGET 2017 - 2018		
TARIFFS & CHARGES - REFUSE REMOVAL		
Description	2017/2018	2016/2017
Domestic Consumers		
Per month for one removal per week	67.01	63.22
Additional removal	66.94	63.15
Commercial Consumers Small / Medium		
Per month for two removal per week	137.83	130.03
Additional removal (per load or part thereof)	167.35	157.88
Commercial Consumers Large		
Per month for two removals per week	334.71	315.76
Additional removal (per load or part thereof)	334.71	315.76
Government Departments (Schools, Hostels, SAPS, Prison, Hospitals, etc.)		
Per month for two removals per week	669.42	631.52
Additional removal (per load or part thereof)	167.35	157.88
Garden Refuse		
Per load (to be paid in advance)	167.35	157.88
Building Rubble		
Per load (to be paid in advance)	200.82	189.46
Cleaning of Erven	195.13	184.09
Cutting / Cleaning of pavement per erven	47.95	45.23
Increase %	6.00	6%
All tariffs exclude VAT		
Standard Interest rate + 1% would be charged on all late payments.		
Tariffs are applicable throughout SAKHISIZWE Municipality unless indicated otherwise		

1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on different households.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to about 6.00%, excluding the electricity adjustments.

EC138 Sakhisizwe - Supporting Table SA14 Household bills											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18 % Incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total large household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates											
Electricity: Basic levy											
Electricity: Consumption											
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal											
Other											
sub-total		-	-	-	-	-	-	-	-	-	-
VAT on Services											
Total small household bill:		-	-	-	-	-	-	-	-	-	-
% increase/-decrease			-	-	-	-	-	-	-	-	-

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Guidance provided by National Treasury in Circulars 58, 59, 66 and 85;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Limitation on tariff increases.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure), as reflected in Table A4:

Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	36 823	38 360	40 585
Remuneration of councillors									8 408	8 905	9 421
Debt impairment	3								7 500	7 943	8 403
Depreciation & asset impairment	2	-	-	-	-	-	-	-	6 788	7 188	7 590
Finance charges									424	449	460
Bulk purchases	2	-	-	-	-	-	-	-	9 446	10 003	10 583
Other materials	8								222	235	248
Contracted services		-	-	-	-	-	-	-	10 797	9 215	9 620
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	15 873	16 333	17 279
Loss on disposal of PPE									-	-	-
Total Expenditure			-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit)			-	-	-	-	-	-	(3 981)	(4 474)	(7 341)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									33 045	20 359	21 613
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions			-	-	-	-	-	-	29 064	15 885	14 272
Taxation											
Surplus/(Deficit) after taxation			-	-	-	-	-	-	29 064	15 885	14 272
Attributable to minorities											
Surplus/(Deficit) attributable to municipality			-	-	-	-	-	-	29 064	15 885	14 272

The budgeted allocation for employee related costs for the 2017/18 financial year totals

R36 823 million, which equals 38.24 per cent of the total operating expenditure. This percentage remains to 38.89 and 38.95 per cent in the outer years of the MTREF period. Based on the guidance provided by National Treasury in Circular 85 and in the absence on a new collective agreement on increases, salary increases have been factored into this budget at a percentage increase of average CPI (Feb 2016 – Jan 2017) + 1 per cent.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January of the Department of Cooperative Governance.

The provision of debt impairment was determined based on an annual collection rate of 15 per cent and the Debt Write-off Policy of the Municipality. For the 2017/18 financial year this amount equates to R7 500 million and escalates to R8 403 million by 2019/20. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget depreciations in this regard total R6 788 million for the 2017/18 financial and equates to 7.05 per cent of the total operating expenditure. The average for local municipalities in recent research is 11.76 per cent, and this small difference indicating that expected useful lives and depreciation rates are realistic.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. Electricity bulk purchases represent 9.81 per cent of expenditure and increase to 10.14 per cent and 10.15 per cent in the outer years.

National Treasury is introducing a new Chart of Accounts (named mSCOA) and additional expenditure line-items in the budget. One of these line-items is "Other materials". Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. This group of expenditure has been identified in order to measure sustainability of the Municipality's infrastructure.

Main operational expenditure categories for the 2017/18 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset management policy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, National Treasury requires municipalities to adapt their costing systems to reflect these costs as Repairs and Maintenance. The municipality financial systems, as yet, cannot provide for this request and it will be implemented in future budgets.

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, the municipality identified this, together with other strategic items, as priority to be investigated and changes to be incorporated into the next budget, if not already to the 2017/2018 Adjustments Budget. The table below provides a breakdown of the repairs and maintenance in relation to asset class:

EC138 Sakhisizwe - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
Infrastructure		-	-	-	-	-	-	1 220	974	1 031
Roads Infrastructure		-	-	-	-	-	-	820	551	583
Roads								800	530	560
Road Structures								-	-	-
Road Furniture								20	21	22
Electrical Infrastructure		-	-	-	-	-	-	400	424	448
Power Plants								-	-	-
HV Substations								300	318	336
LV Networks								100	106	112
Community Assets		-	-	-	-	-	-	170	180	190
Community Facilities		-	-	-	-	-	-	110	116	123
Halls								100	106	112
Cemeteries/Crematoria								10	11	11
Sport and Recreation Facilities		-	-	-	-	-	-	60	64	67
Indoor Facilities								-	-	-
Outdoor Facilities								60	64	67
Other assets		-	-	-	-	-	-	60	64	67
Operational Buildings		-	-	-	-	-	-	60	64	67
Municipal Offices								60	64	67
Furniture and Office Equipment		-	-	-	-	-	-	112	119	125
Furniture and Office Equipment								112	119	125
Machinery and Equipment		-	-	-	-	-	-	51	54	57
Machinery and Equipment								51	54	57
Transport Assets		-	-	-	-	-	-	905	958	1 014
Transport Assets								905	958	1 014
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	2 518	2 349	2 485
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.0%	1.0%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	2.5%

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained below

The cost of the social package of the registered indigent households is financed by the municipality self and largely by utilising the municipality's unconditional equitable share, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. The Transfer of grants as a result of free basic services totals R2 300 million in the budget year of 2017/18 and increasing to R2 436 million and R2 577 million in the outer years.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

EC138 Sakhisizwe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	100	106	112
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	250	265	280
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	18 000	21 430	22 751
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	13 500	1 059	1 120
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	31 850	22 860	24 264
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	31 850	22 860	24 264
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	350	371	392
Executive and council									100	106	112
Finance and administration									250	265	280
Internal audit									-	-	-
Community and public safety		-	-	-	-	-	-	-	12 500	-	-
Community and social services									-	-	-
Sport and recreation									12 500	-	-
Public safety									-	-	-
Housing									-	-	-
Health									-	-	-
Economic and environmental services		-	-	-	-	-	-	-	16 000	21 430	22 751
Planning and development									-	-	-
Road transport									16 000	21 430	22 751
Environmental protection									-	-	-
Trading services		-	-	-	-	-	-	-	3 000	1 059	1 120
Energy sources									2 000	-	-
Water management									-	-	-
Waste water management									-	-	-
Waste management									1 000	1 059	1 120
Other									-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	31 850	22 860	24 264
Funded by:											
National Government									30 500	20 359	21 613
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	30 500	20 359	21 613
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									1 350	2 501	2 650
Total Capital Funding	7	-	-	-	-	-	-	-	31 850	22 860	24 264

The following table provides more information on the breakdown of the capital budget and the related maintenance of assets.

EC138 Sakhisizwe - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	-	-	-	-	1 220	974	1 031
Roads Infrastructure		-	-	-	-	-	-	820	551	583
Roads								800	530	560
Road Structures								-	-	-
Road Furniture								20	21	22
Electrical Infrastructure		-	-	-	-	-	-	400	424	448
Power Plants								-	-	-
HV Substations								300	318	336
LV Networks								100	106	112
Community Assets		-	-	-	-	-	-	170	180	190
Community Facilities		-	-	-	-	-	-	110	116	123
Halls								100	106	112
Cemeteries/Crematoria								10	11	11
Sport and Recreation Facilities		-	-	-	-	-	-	60	64	67
Indoor Facilities								-	-	-
Outdoor Facilities								60	64	67
Other assets		-	-	-	-	-	-	60	64	67
Operational Buildings		-	-	-	-	-	-	60	64	67
Municipal Offices								60	64	67
Furniture and Office Equipment		-	-	-	-	-	-	112	119	125
Furniture and Office Equipment								112	119	125
Machinery and Equipment		-	-	-	-	-	-	51	54	57
Machinery and Equipment								51	54	57
Transport Assets		-	-	-	-	-	-	905	958	1 014
Transport Assets								905	958	1 014
Total Repairs and Maintenance Expenditure	1	-	-	-	-	-	-	2 518	2 349	2 485
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.0%	1.0%
R&M as % Operating Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	2.4%	2.5%

1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included. This table shows that future operational costs associated with the capital programme totals R31 850 million in 2017/18 and decrease to R22 860 million by 2018/19. This concomitant capital expenditure is expected to escalate to R24 264 million by 2019/20.

EC138 Sakhisizwe - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Present value
Capital expenditure	1							
Vote 1 - EXECUTIVE AND COUNCIL		100	106	112				
Vote 2 - BUDGET AND TREASURY		250	265	280				
Vote 3 - CORPORATE SERVICES		-	-	-				
Vote 4 - PLANNING & DEVELOPMENT		-	-	-				
Vote 5 - TECHNICAL SERVICES		18 000	21 430	22 751				
Vote 6 - COMMUNITY SERVICES		13 500	1 059	1 120				
Total Capital Expenditure		31 850	22 860	24 264	-	-	-	-
Future operational costs by vote	2							
Vote 1 - EXECUTIVE AND COUNCIL								
Vote 2 - BUDGET AND TREASURY								
Vote 3 - CORPORATE SERVICES								
Vote 4 - PLANNING & DEVELOPMENT								
Vote 5 - TECHNICAL SERVICES								
Vote 6 - COMMUNITY SERVICES								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Property rates								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue								
Service charges - refuse revenue								
Service charges - other								
Rental of facilities and equipment								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		31 850	22 860	24 264	-	-	-	-

1.7 Annual Budget Tables

(The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.)

EC138 Sakhisizwe - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges	-	-	-	-	-	-	-	12 821	13 577	14 365
Investment revenue	-	-	-	-	-	-	-	862	912	965
Transfers recognised - operational	-	-	-	-	-	-	-	64 415	64 628	65 738
Other own revenue	-	-	-	-	-	-	-	8 751	9 267	9 673
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	92 299	94 157	96 849
Employee costs	-	-	-	-	-	-	-	36 823	38 360	40 585
Remuneration of councillors	-	-	-	-	-	-	-	8 408	8 905	9 421
Depreciation & asset impairment	-	-	-	-	-	-	-	6 788	7 188	7 590
Finance charges	-	-	-	-	-	-	-	424	449	460
Materials and bulk purchases	-	-	-	-	-	-	-	9 667	10 238	10 831
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	-	-	-	-	-	-	-	34 170	33 491	35 302
Total Expenditure	-	-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit)	-	-	-	-	-	-	-	(3 981)	(4 474)	(7 341)
Transfers and subsidies - capital (monetary allocation)	-	-	-	-	-	-	-	33 045	20 359	21 613
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	-	-	-	-	-	-	29 064	15 885	14 272
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	-	-	-	-	-	-	29 064	15 885	14 272
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	31 850	22 860	24 264
Transfers recognised - capital	-	-	-	-	-	-	-	30 500	20 359	21 613
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	1 350	2 501	2 650
Total sources of capital funds	-	-	-	-	-	-	-	31 850	22 860	24 264
Financial position										
Total current assets	-	-	-	-	-	-	-	10 403	11 626	12 852
Total non current assets	-	-	-	-	-	-	-	242 443	258 114	274 787
Total current liabilities	-	-	-	-	-	-	-	22 647	23 179	26 309
Total non current liabilities	-	-	-	-	-	-	-	8 094	8 571	9 068
Community wealth/Equity	-	-	-	-	-	-	-	222 105	237 990	252 262
Cash flows										
Net cash from (used) operating	-	-	-	-	-	-	-	21 405	22 670	21 532
Net cash from (used) investing	-	-	-	-	-	-	-	(23 234)	(22 351)	(23 734)
Net cash from (used) financing	-	-	-	-	-	-	-	(438)	(373)	(245)
Cash/cash equivalents at the year end	-	-	-	-	-	-	-	(1 127)	(1 181)	(3 629)
Cash backing/surplus reconciliation										
Cash and investments available	-	-	-	-	-	-	-	(127)	(122)	(2 508)
Application of cash and investments	-	-	-	-	-	-	-	12 581	12 966	13 378
Balance - surplus (shortfall)	-	-	-	-	-	-	-	(12 709)	(13 089)	(15 887)
Asset management										
Asset register summary (WDV)	-	-	-	-	-	-	-	242 443	258 114	274 787
Depreciation	-	-	-	-	-	-	-	6 788	7 188	7 590
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	2 518	2 349	2 485
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	2 300	2 436	2 577
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. There is no provision for any borrowing in the cash flows;
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was paying much attention to managing this aspect of its finances, and consequently all of its obligations are cash-backed.
5. Significant assistance is being given to the indigent households.

EC138 Sakhisizwe - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1									
Revenue - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	70 001	72 397	73 823
Executive and council		-	-	-	-	-	-	3 368	3 535	3 702
Finance and administration		-	-	-	-	-	-	66 633	68 862	70 121
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	499	506	535
Community and social services		-	-	-	-	-	-	449	453	479
Sport and recreation		-	-	-	-	-	-	1	1	1
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	50	53	56
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	46 410	32 680	34 653
Planning and development		-	-	-	-	-	-	35 787	21 430	22 751
Road transport		-	-	-	-	-	-	10 623	11 250	11 902
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	8 435	8 932	9 450
Energy sources		-	-	-	-	-	-	2 843	3 011	3 186
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	5 591	5 921	6 265
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	-	-	-	-	-	125 344	114 516	118 462
Expenditure - Functional										
<i>Governance and administration</i>		-	-	-	-	-	-	63 970	65 526	69 165
Executive and council		-	-	-	-	-	-	11 506	12 185	12 892
Finance and administration		-	-	-	-	-	-	51 848	52 689	55 583
Internal audit		-	-	-	-	-	-	615	652	689
<i>Community and public safety</i>		-	-	-	-	-	-	5 424	5 744	6 077
Community and social services		-	-	-	-	-	-	4 851	5 137	5 435
Sport and recreation		-	-	-	-	-	-	30	32	34
Public safety		-	-	-	-	-	-	10	11	11
Housing		-	-	-	-	-	-	533	565	598
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	7 766	6 794	7 188
Planning and development		-	-	-	-	-	-	3 059	2 128	2 251
Road transport		-	-	-	-	-	-	4 706	4 666	4 937
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	16 958	18 277	19 337
Energy sources		-	-	-	-	-	-	11 038	11 689	12 367
Water management		-	-	-	-	-	-	2	2	2
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	5 919	6 586	6 968
<i>Other</i>	4	-	-	-	-	-	-	2 162	2 290	2 423
Total Expenditure - Functional	3	-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit) for the year		-	-	-	-	-	-	29 064	15 885	14 272

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for any of the trading services. As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating these functions' tariff structures.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

EC138 Sakhisizwe - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)A

Vote Description		Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote		1									
Vote 1 - EXECUTIVE AND COUNCIL			-	-	-	-	-	-	3 368	3 535	3 702
1.1 - Mayor and Council									3 368	3 535	3 702
1.2 - Municipal Manager									-	-	-
1.3 - Internal Audit									-	-	-
1.4 - Strategic Manager									-	-	-
1.5 - Community service Manager									-	-	-
Vote 2 - BUDGET AND TREASURY			-	-	-	-	-	-	66 558	68 783	70 037
2.1 - Budget & Treasury									66 558	68 783	70 037
2.2 - Information Technology									-	-	-
Vote 3 - CORPORATE SERVICES			-	-	-	-	-	-	75	79	84
3.1 - Corporate Services									-	-	-
3.2 - Property Services									75	79	84
Vote 4 - PLANNING & DEVELOPMENT			-	-	-	-	-	-	-	-	-
4.1 - IPED									-	-	-
Vote 5 - TECHNICAL SERVICES			-	-	-	-	-	-	46 425	32 696	34 671
5.1 - Electricity									9 631	10 200	10 791
5.2 - Planning & Development: Projects									1 108	-	-
5.3 - PMU									34 679	21 430	22 751
5.4 - Roads & Streets									1 007	1 067	1 128
5.5 - Sewerage									-	-	-
5.6 - Water									-	-	-
Vote 6 - COMMUNITY SERVICES			-	-	-	-	-	-	8 918	9 422	9 969
6.1 - Caravan Parks									1	1	1
6.2 - Cemeteries									15	16	17
6.3 - Community Halls									30	32	34
6.4 - Housing									50	53	56
6.5 - Libraries									383	383	405
6.6 - Pound									21	22	24
6.7 - Refuse									5 591	5 921	6 265
6.8 - Sports & Recreation									-	-	-
6.9 - Civil Defence									2 828	2 995	3 169
Total Revenue by Vote		2	-	-	-	-	-	-	125 344	114 516	118 462

Expenditure by Vote	1										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	13 690	14 497	15 338	
1.1 - Mayor and Council								9 490	10 050	10 633	
1.2 - Municipal Manager								3 568	3 779	3 998	
1.3 - Internal Audit								620	657	695	
1.4 - Strategic Manager								5	5	5	
1.5 - Community service Manager								7	8	8	
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	28 451	27 912	29 384	
2.1 - Budget & Treasury								27 468	26 871	28 283	
2.2 - Information Technology								983	1 041	1 101	
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	18 725	19 830	20 965	
3.1 - Corporate Services								18 624	19 723	20 852	
3.2 - Property Services								101	107	114	
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	918	814	861	
4.1 - IPED								918	814	861	
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	18 609	18 437	19 506	
5.1 - Electricity								11 842	12 541	13 268	
5.2 - Planning & Development: Projects								1 231	350	370	
5.3 - PMU								936	991	1 048	
5.4 - Roads & Streets								4 601	4 555	4 819	
5.5 - Sewerage								-	-	-	
5.6 - Water								-	-	-	
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	15 886	17 141	18 135	
6.1 - Caravan Parks								10	11	11	
6.2 - Cemeteries								320	339	358	
6.3 - Community Halls								2 906	3 077	3 256	
6.4 - Housing								536	568	601	
6.5 - Libraries								512	542	573	
6.6 - Pound								1 119	1 186	1 254	
6.7 - Refuse								8 147	8 946	9 464	
6.8 - Sports & Recreation								32	34	36	
6.9 - Civil Defence								2 304	2 440	2 582	
Total Expenditure by Vote	2	-	-	-	-	-	-	96 281	98 631	104 190	
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	29 064	15 885	14 272	

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

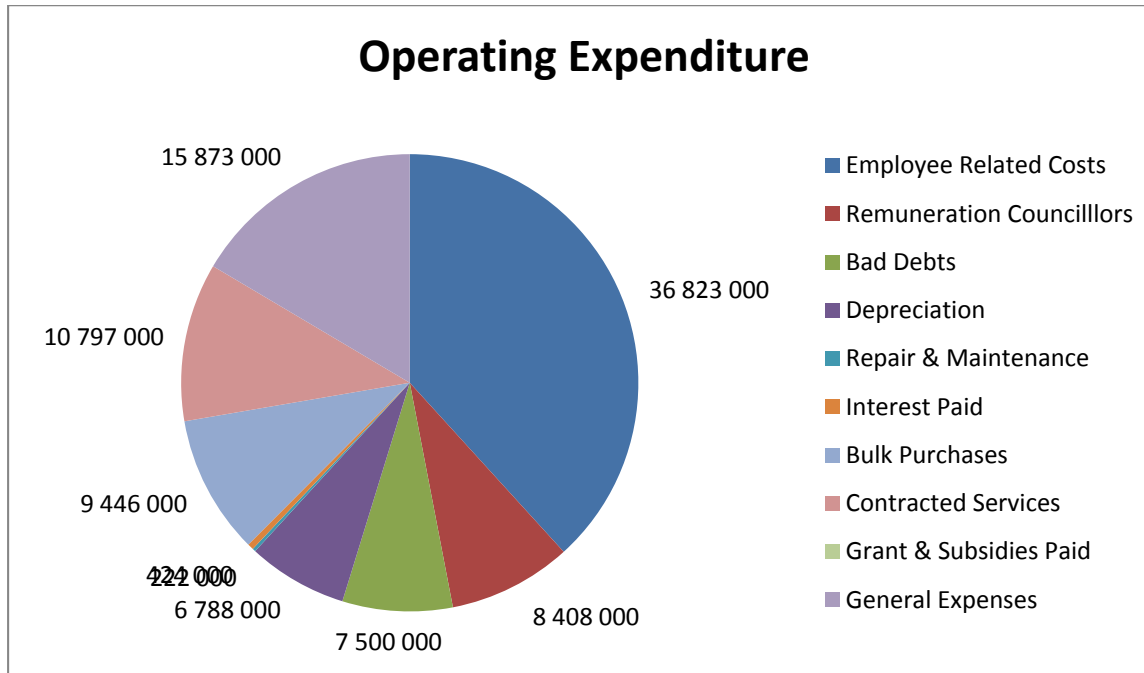
1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.
2. This table is the main driver of management responsibility and performance in terms of the operating budget and also the benchmark against which any unauthorised expenditure will be measured.

EC138 Sakhisizwe - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges - electricity revenue	2	-	-	-	-	-	-	-	9 130	9 668	10 229
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	-	-	-	-	3 691	3 909	4 135
Service charges - other									-	-	-
Rental of facilities and equipment									1 213	1 284	1 359
Interest earned - external investments									862	912	965
Interest earned - outstanding debtors									4 501	4 767	4 912
Dividends received									-	-	-
Fines, penalties and forfeits									35	37	39
Licences and permits									505	535	566
Agency services									1 568	1 661	1 757
Transfers and subsidies									64 415	64 628	65 738
Other revenue	2	-	-	-	-	-	-	-	929	984	1 041
Gains on disposal of PPE									-	-	-
Total Revenue (excluding capital transfers and contributions)		-	-	-	-	-	-	-	92 299	94 157	96 849
Expenditure By Type											
Employee related costs	2	-	-	-	-	-	-	-	36 823	38 360	40 585
Remuneration of councillors									8 408	8 905	9 421
Debt impairment	3								7 500	7 943	8 403
Depreciation & asset impairment	2	-	-	-	-	-	-	-	6 788	7 188	7 590
Finance charges									424	449	460
Bulk purchases	2	-	-	-	-	-	-	-	9 446	10 003	10 583
Other materials	8								222	235	248
Contracted services		-	-	-	-	-	-	-	10 797	9 215	9 620
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	-	-	-	-	-	-	-	15 873	16 333	17 279
Loss on disposal of PPE									-	-	-
Total Expenditure		-	-	-	-	-	-	-	96 281	98 631	104 190
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)									(3 981)	(4 474)	(7 341)
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		-	-	-	-	-	-	-	29 064	15 885	14 272
Taxation											
Surplus/(Deficit) after taxation		-	-	-	-	-	-	-	29 064	15 885	14 272
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		-	-	-	-	-	-	-	29 064	15 885	14 272
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		-	-	-	-	-	-	-	29 064	15 885	14 272

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue, excluding capital transfers, is R92 299 million in 2017/18 and escalates to R96 849 million by 2019/20. This represents a year-on-year increase of 1.23 per cent for the 2017/18 and year-on-year increases of 2.01 per cent for the 2018/19 financial year and 2.85 per cent for the 2019/20 financial year.
2. Revenue to be generated from property rates is R5 452 million in the 2017/18 financial year and increases to R5 773 million by 2018/19 which represents only 5.90 per cent of the operating revenue base (excluding capital transfers) of the Municipality and therefore does not remain a significant funding source for the municipality.
3. Services charges relating to electricity and refuse removal constitutes the biggest component of the revenue basket of the Municipality totalling R12 821 million for the 2017/18 financial year and increasing to R13 577 million by 2018/19. For the 2017/18 financial year services charges amount to 13.89 per cent of the total revenue base and stays relatively constant over the MTREF period.

4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. Transfers are fluctuating according to grants provided for by the respective governments.
5. The following graph illustrates the major expenditure items per type.



Expenditure by major type

6. Employee related costs, depreciation, operating grant expenditure and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

BRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

EC138 Sakhisizwe - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	100	106	112
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	250	265	280
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	18 000	21 430	22 751
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	13 500	1 059	1 120
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	31 850	22 860	24 264
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	-	-	-	31 850	22 860	24 264
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	350	371	392
Executive and council									100	106	112
Finance and administration									250	265	280
Internal audit									-	-	-
Community and public safety		-	-	-	-	-	-	-	12 500	-	-
Community and social services									-	-	-
Sport and recreation									12 500	-	-
Public safety									-	-	-
Housing									-	-	-
Health									-	-	-
Economic and environmental services		-	-	-	-	-	-	-	16 000	21 430	22 751
Planning and development									-	-	-
Road transport									16 000	21 430	22 751
Environmental protection									-	-	-
Trading services		-	-	-	-	-	-	-	3 000	1 059	1 120
Energy sources									2 000	-	-
Water management									-	-	-
Waste water management									-	-	-
Waste management									1 000	1 059	1 120
Other									-	-	-
Total Capital Expenditure - Functional	3	-	-	-	-	-	-	-	31 850	22 860	24 264
Funded by:											
National Government									30 500	20 359	21 613
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	-	-	-	-	-	-	-	30 500	20 359	21 613
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									1 350	2 501	2 650
Total Capital Funding	7	-	-	-	-	-	-	-	31 850	22 860	24 264

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
3. The capital program is funded from national grants and transfers and internally generated funds from current and prior year surpluses and is listed above.

MBRR Table A6 - Budgeted Financial Position

EC138 Sakhisizwe - Table A6 Budgeted Financial Position											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
ASSETS											
Current assets											
Cash							1 139		-	-	
Call investment deposits	1	-	-	-	-	-	1 000	-	1 000	1 059	1 120
Consumer debtors	1	-	-	-	-	-	5 849	-	6 884	7 980	9 075
Other debtors							1 374		1 374	1 374	1 374
Current portion of long-term receivables							-				
Inventory	2						1 134		1 145	1 213	1 283
Total current assets		-	-	-	-	-	10 496	-	10 403	11 626	12 852
Non current assets											
Long-term receivables							-				
Investments							-				
Investment property							33 832		33 832	33 832	33 832
Investment in Associate							-				
Property, plant and equipment	3	-	-	-	-	-	183 549	-	208 611	224 282	240 955
Agricultural							-				
Biological							-				
Intangible							-				
Other non-current assets							-				
Total non current assets		-	-	-	-	-	217 381	-	242 443	258 114	274 787
TOTAL ASSETS		-	-	-	-	-	227 877	-	252 846	269 740	287 639
LIABILITIES											
Current liabilities											
Bank overdraft	1						-		1 127	1 181	3 629
Borrowing	4	-	-	-	-	-	4 201	-	2 967	2 373	1 899
Consumer deposits							159		137	145	153
Trade and other payables	4	-	-	-	-	-	8 422	-	17 543	18 587	19 684
Provisions							847		872	892	943
Total current liabilities		-	-	-	-	-	13 628	-	22 647	23 179	26 309
Non current liabilities											
Borrowing		-	-	-	-	-	2 783	-	3 600	3 813	4 034
Provisions		-	-	-	-	-	18 425	-	4 493	4 759	5 035
Total non current liabilities		-	-	-	-	-	21 207	-	8 094	8 571	9 068
TOTAL LIABILITIES		-	-	-	-	-	34 835	-	30 741	31 750	35 377
NET ASSETS	5	-	-	-	-	-	193 042	-	222 105	237 990	252 262
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)							193 042		222 105	237 990	252 262
Reserves	4	-	-	-	-	-	-	-	-	-	-
							-				
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	-	-	-	193 042	-	222 105	237 990	252 262

Explanatory notes to Table A6 - Budgeted Financial Position

1. The Budgeted Financial Position is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. This table is supported by an extensive table of notes (SA3 which can be found on later in this report providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

MBRR Table A7 - Budgeted Cash Flow Statement

EC138 Sakhisizwe - Table A7 Budgeted Cash Flows											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates							5 452		2 726	2 887	3 054
Service charges							14 365		9 868	10 450	11 056
Other revenue							5 368		3 643	3 858	4 082
Government - operating	1						62 730		64 415	64 628	65 738
Government - capital	1						17 812		33 045	20 359	21 613
Interest							3 225		3 112	3 296	3 421
Dividends							-		-	-	-
Payments											
Suppliers and employees							(92 242)		(94 979)	(82 357)	(86 972)
Finance charges							-		(424)	(449)	(460)
Transfers and Grants	1						-		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	16 710	-	21 405	22 670	21 532
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE							-		-	-	-
Decrease (Increase) in non-current debtors							-		-	-	-
Decrease (Increase) other non-current receivables							-		-	-	-
Decrease (Increase) in non-current investments							-		-	-	-
Payments											
Capital assets							(19 182)		(23 234)	(22 351)	(23 734)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	(19 182)	-	(23 234)	(22 351)	(23 734)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans							-		-	-	-
Borrowing long term/refinancing							1 091		-	-	-
Increase (decrease) in consumer deposits							-		(22)	8	8
Payments											
Repayment of borrowing							(2 017)		(416)	(381)	(254)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	(926)	-	(438)	(373)	(245)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	(3 398)	-	(2 266)	(54)	(2 447)
Cash/cash equivalents at the year begin:	2						5 537		1 139	(1 127)	(1 181)
Cash/cash equivalents at the year end:	2						2 139		(1 127)	(1 181)	(3 629)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2017/18 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.

MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC138 Sakhisizwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	2 139	-	(1 127)	(1 181)	(3 629)
Other current investments > 90 days		-	-	-	-	-	(0)	-	1 000	1 059	1 120
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	2 139	-	(127)	(122)	(2 508)
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	8 616	9 125	9 654
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	8 422	-	3 965	3 842	3 724
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	8 422	-	12 581	12 966	13 378
Surplus(shortfall)		-	-	-	-	-	(6 283)	-	(12 709)	(13 089)	(15 887)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
3. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

MBRR Table A9 - Asset Management

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations.
3. An analysis between depreciation and operational repairs and maintenance over the MTREF is not yet possible until the municipality changes its financial systems to include all maintenance costs, also those incurred internally, to the maintenance votes. When implemented it will highlight the Municipality's maintenance backlog.

EC138 Sakhisizwe - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	31 850	22 860	24 264
Roads Infrastructure		-	-	-	-	-	-	16 000	21 430	22 751
Electrical Infrastructure		-	-	-	-	-	-	2 000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	1 000	1 059	1 120
Infrastructure		-	-	-	-	-	-	19 000	22 489	23 871
Sport and Recreation Facilities		-	-	-	-	-	-	12 500	-	-
Community Assets		-	-	-	-	-	-	12 500	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	150	159	168
Furniture and Office Equipment		-	-	-	-	-	-	200	212	224
Total Capital Expenditure	4	-	-	-	-	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	16 000	21 430	22 751
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	2 000	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	1 000	1 059	1 120
Infrastructure		-	-	-	-	-	-	19 000	22 489	23 871
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	12 500	-	-
Community Assets		-	-	-	-	-	-	12 500	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	150	159	168
Furniture and Office Equipment		-	-	-	-	-	-	200	212	224
TOTAL CAPITAL EXPENDITURE - Asset class		-	-	-	-	-	-	31 850	22 860	24 264
ASSET REGISTER SUMMARY - PPE (WDV)										
Roads Infrastructure	5							120 399	137 699	156 088
Storm water Infrastructure								19 288	19 021	18 739
Electrical Infrastructure								24 240	25 228	26 273
Solid Waste Infrastructure										
Infrastructure		-	-	-	-	-	-	163 928	181 948	201 100
Community Facilities								17 280	16 955	16 611
Sport and Recreation Facilities								12 500	12 500	12 500
Community Assets		-	-	-	-	-	-	29 780	29 455	29 111
Heritage Assets										
Revenue Generating								33 832	33 832	33 832
Non-revenue Generating										
Investment properties		-	-	-	-	-	-	33 832	33 832	33 832
Operational Buildings								6 908	6 562	6 197
Housing										
Other Assets		-	-	-	-	-	-	6 908	6 562	6 197
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment								335	343	352
Furniture and Office Equipment								1 068	927	779
Machinery and Equipment								5 263	4 081	2 834
Transport Assets								1 329	966	582
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	-	-	-	-	-	-	242 443	258 114	274 787
EXPENDITURE OTHER ITEMS										
Depreciation	7	-	-	-	-	-	-	6 788	7 188	7 590
Repairs and Maintenance by Asset Class	3	-	-	-	-	-	-	2 518	2 349	2 485
Roads Infrastructure		-	-	-	-	-	-	820	551	583
Electrical Infrastructure		-	-	-	-	-	-	400	424	448
Infrastructure		-	-	-	-	-	-	1 220	974	1 031
Community Facilities		-	-	-	-	-	-	110	116	123
Sport and Recreation Facilities		-	-	-	-	-	-	60	64	67
Community Assets		-	-	-	-	-	-	170	180	190
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	60	64	67
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	60	64	67
Intangible Assets		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	112	119	125
Machinery and Equipment		-	-	-	-	-	-	51	54	57
Transport Assets		-	-	-	-	-	-	905	958	1 014
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

EC138 Sakhisizwe - Table A10 Basic service delivery measurement

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	1 450 000	1 534 100	1 623 078
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	1 450 000	1 534 100	1 623 078
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	1 450 000	1 534 100	1 623 078
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	2 300	2 436	2 577
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	-	-	-	2 300	2 436	2 577

1.8.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule by 31 August 2016.

2017/2018 IDP AND BUDGET SCHEDULE OF KEY DEADLINES

Month	Action to be taken Administratively – Municipality Administration
July	<p>Accounting officers and senior officials of Sakhisizwe Local Municipality begin planning for next three-year budget</p> <p style="text-align: center;">MFMA s 68, 77</p> <p>Accounting officers and senior officials of the municipality review options and contracts for service delivery</p> <p style="text-align: center;">MSA s 76-81</p>
August	Accounting Officer to assist Mayor to prepare the schedule of key deadlines and align the IDP and Budget process
August / September / October	<p>Budget office of Sakhisizwe Local Municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives.</p> <p>Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity, roads, etc)</p>
September / October	<p>Accounting officer does initial review of national policies and budget plans and potential price increases of bulk resources with function and department officials</p> <p style="text-align: center;">MFMA s 35, 36, 42; MTBPS</p>
October / November	<p>Accounting officer reviews and drafts initial changes to IDP</p> <p style="text-align: center;">MSA s 34</p>
November / December	<p>Accounting officer submits draft budget and plans for next financial year to the Mayor for tabling</p> <p>Accounting officer publishes tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to NT, PT and others</p> <p>Accounting officer to notify relevant municipalities of projected allocations for next three budget years</p>

MUNICIPAL ELECTIONS AND CONSULTATION ON THE BUDGET	
January	<p>Accounting officer reviews proposed national and provincial allocations to municipality for incorporation into the draft budget for tabling.</p> <p style="text-align: center;">MFMA s 36</p> <p>The Accounting Officer must by 25 January assess the performance of the municipality for the first six months of the 2017/2018 financial year and submits a report on such assessment to the Mayor, National Treasury and Provincial Treasury.</p> <p style="text-align: center;">MFMA s 72</p>
February	<p>The Accounting Officer finalises and submits to Mayor proposed budgets and plans for next three-year budgets taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous year's audited financial statements and annual report.</p> <p>The Accounting Officer of Sakhisizwe Local Municipality must liaise with the Accounting Officer of Chris Hani District Municipality 120 days prior to the start of the budget year to obtain projected allocations for 2017/2018, 2018/2019 & 2019/2020.</p> <p style="text-align: center;">MFMA s 37(2)</p>
March	<p>The Accounting Officer must publish the tabled budget, plans, and proposed revisions to IDP, invites local community comment and submits to National Treasury, Provincial Treasury and others as prescribed.</p> <p style="text-align: center;">MFMA s 22 & 37; MSA Chapter 4 as amended</p> <p>The Accounting Officer must review any changes in prices for bulk electricity purchases as communicated by NERSA & DWA as well as submit proposal of increasing prices of sale of electricity to the executive authority & the regulator for approval if national legislation requires such approval.</p> <p style="text-align: center;">MFMA s 42</p>
April	<p>Accounting officer assists the Mayor in revising budget documentation in accordance with consultative processes and taking into account the results from the third quarterly review of the current year</p>

May	Accounting officer assists the Mayor in preparing the final budget documentation for consideration for approval at least 30 days before the start of the budget year taking into account consultative processes and any other new information of a material nature
June	<p>Accounting officer submits to the mayor no later than 14 days after approval of the budget a draft of the SDBIP and annual performance agreements required by s 57(1) (b) of the MSA.</p> <p style="text-align: center;">MFMA s 69; MSA s 57</p> <p>Accounting Officer must publish the adopted budget and all budget-related documents.</p> <p style="text-align: center;">MFMA s 75, 87</p>
<p><u>Abbreviations:</u> IDP - Integrated Development Plan; MFMA - Local Government: Municipal Finance Management Act, No. 56 of 2003; MSA - Local Government: Municipal Systems Act, No. 32 of 2000, as amended; MTBPS - National Treasury annual publication, Medium Term Budget and Policy Statement; NT - National Treasury; PT - Provincial Treasuries; SDBIP - Service Delivery and Budget Implementation Plan</p> <p>Shaded Area: Consultation on the budget and municipal elections.</p>	

There were some deviations from the key dates set out in the Budget Time Schedule tabled in Council. However, the schedule attached is the revised one as from time to time adjusted by council and its programmes.

1.8.2 IDP and Service Delivery and Budget Implementation Plan

This is the first review of the IDP to be approved by Council in March 2017 and adopted by the Council in May 2017. It started in September 2016 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2017/18 MTREF in August.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2019/20 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2017/18 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2016/17 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

1.8.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2017/18 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2017/18 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2016/17 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 58, 59 and 85 has been taken into consideration in the planning and prioritisation process.

1.9 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality,

issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2017/18 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Objectives

2016/17 Financial Year	2017/18 MTREF
1. The provision of quality basic services and infrastructure	1. To ensure that cost effective, appropriate and efficient services are delivered (KPA Service delivery)
2. Acceleration of higher and shared economic growth and development	2. To ensure that conditions are created which stimulate the growth of the local economy (KPA LED)
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3. To have an effective and efficient administration (KPA Municipal transformation and Inst.dev.)
4. Fostering participatory democracy and adherence to Sakhisizwe Municipality principles through a caring, accessible and accountable service	4. To have a transparent and performance driven organisation (KPA Good governance and public participation)
5. Good governance, Financial viability and institutional governance	5. To implement good financial management (KA Financial management and viability)

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. To have a transparent and performance driven organisation
2. To ensure that cost effective, appropriate and efficient services are delivered
3. To ensure that conditions are created which stimulate the growth of the local economy
4. To implement good financial management
5. To have an effective and efficient administration

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned from previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP.

The 2017/18 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

EC138 Sakhisizwe - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)				
Strategic Objective	Goal	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand				
Good Governance	Ensure accessibility and promote governance.	3 826	3 997	4 191
Good Governance	Create an efficient, effective and accountable administration	34 679	21 430	22 751
Financial Viability and Sustainability	Strategic and sustainable budgeting, Grow and diversify our revenues and Value for money expenditure	66 558	68 783	70 037
Safe, healthy and Secure Environment	Promoting the safety of citizens	2 849	3 017	3 192
Safe, healthy and Secure Environment	Promoting the health of citizens	15	16	17
Sustaining the Natural and Built Environment	Develop, manage and regulate the built and natural environment	1 108	–	–
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation	5 591	5 921	6 265
Embracing our Cultural Diversity	Promote sport and recreation within the town	31	32	34
Quality Living Environment	Meet service needs and address backlogs	10 688	11 319	11 976
Total Revenue (excluding capital transfers and contributions)		125 344	114 516	118 462

MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

EC138 Sakhisizwe - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)						
Strategic Objective	Goal	Goal Code	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand						
Good Governance	Ensure accessibility and promote governance.			10 723	11 356	12 014
Good Governance	Create an efficient, effective and accountable administration			24 123	25 546	27 012
Financial Viability and Sustainability	Strategic and sustainable budgeting. Grow and diversify our revenues and Value for money expenditure			27 468	26 871	28 283
Safe, healthy and Secure Environment	Promoting the safety of citizens			3 424	3 626	3 836
Safe, healthy and Secure Environment	Promoting the health of citizens			320	339	358
Sustaining the Natural and Built Environment	Develop, manage and regulate the built and natural environment			2 149	1 164	1 231
Sustaining the Natural and Built Environment	Climate protection and pollution minimisation			8 147	8 946	9 464
Embracing our Cultural Diversity	Promote sport and recreation within the town			2 948	3 122	3 303
Quality Living Environment	Meet service needs and address backlogs			16 979	17 663	18 688
Allocations to other priorities						
Total Expenditure				96 281	98 631	104 190

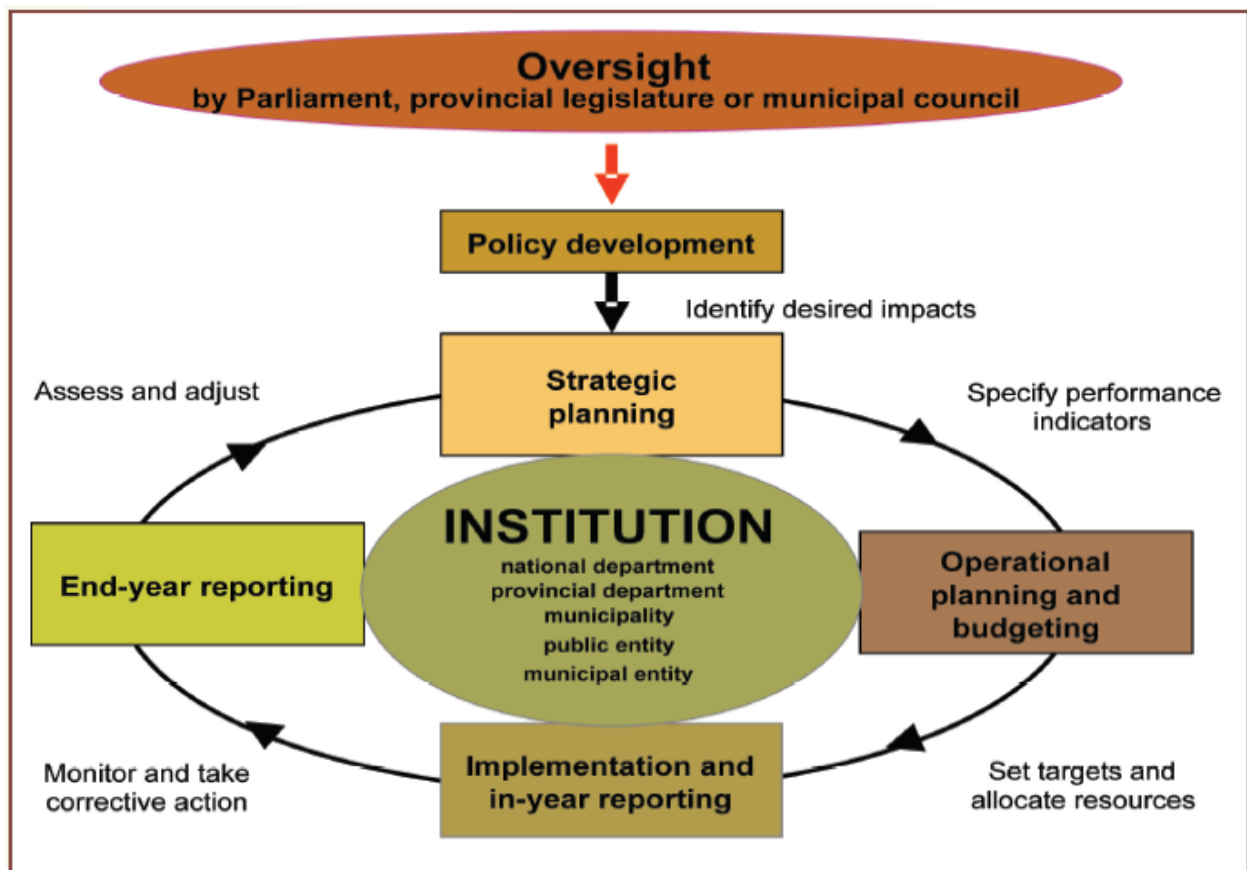
MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

EC138 Sakhisizwe - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)						
Strategic Objective	Goal	Goal Code	Ref	2017/18 Medium Term Revenue & Expenditure Framework		
				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand						
Embracing our Cultural Diversity	Promote sport and recreation within the town	A	3	12 500	–	–
Good Governance	Create an efficient, effective and accountable administration	B		350	371	392
Sustaining the Natural and Built Environment	Develop, manage and regulate the built and natural environment	C		1 000	1 059	1 120
Quality Living Environment	Meet service needs and address backlogs	D		18 000	21 430	22 751
Allocations to other priorities						
Total Capital Expenditure			1	31 850	22 860	24 264

1.10 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

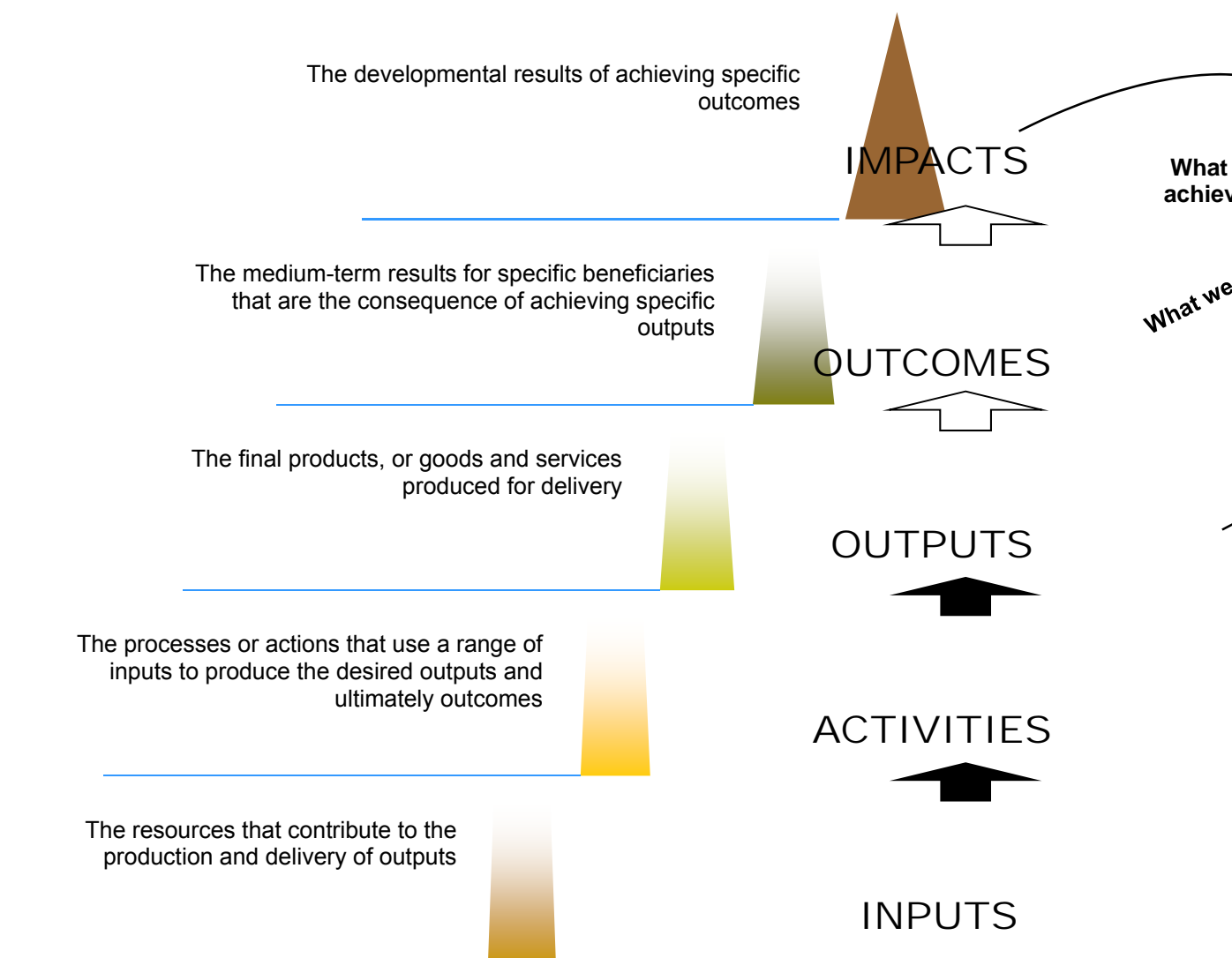


The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);

- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MBRR Table SA7 - Measurable performance objectives

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF.

MBRR Table SA8 - Performance indicators and benchmarks

EC138 Sakhisizwe - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.8%	0.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%	2.8%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	-	-	-	-	-	0.8	-	0.5	0.5	0.5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	-	-	-	-	-	0.8	-	0.5	0.5	0.5
Liquidity Ratio	Monetary Assets/Current Liabilities	-	-	-	-	-	0.2	-	0.0	0.0	0.0
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	68.9%	68.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	68.9%	68.9%	68.9%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	8.9%	9.9%	10.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	0.0%	0.0%	0.0%	393.8%	0.0%	-791.8%	-801.0%	-276.4%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (k?)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	39.9%	40.7%	41.9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		49.0%	50.2%	51.6%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		2.7%	2.5%	2.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	7.8%	8.1%	8.3%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	-	-	-	-	-	-	-	7.6	8.0	8.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	42.4%	45.3%	47.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	-	-	-	-	-	(12.7)	-	(0.2)	(0.2)	(0.5)

1.10.1 Performance indicators and benchmarks

1.10.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Sakhisizwe Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/18 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. This ratio is by far below the borrowing capacity of the municipality, but it needs to be noted that capital grants and transfers has contributed significantly to the municipality's capital expenditure programs, thus limiting the need for borrowing.
- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is steady 0.1 per cent throughout the MTREF period. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality should limit external interest charges to the minimum.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The municipality does not intend borrowing any money during the MTREF period.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

The Municipality has bought vehicles on hire purchase and will pay instalments monthly for a five year period.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2017/18 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

1.10.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, overdraft and tax provisions as a percentage of funds and reserves. This ratio is well below the norm, indicating a strong financial position.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.10.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of more than 2 which is a general benchmark,

hence at no point in time should this ratio be less than 2. For the 2017/18 MTREF the current ratio is 2.1, and 2.4 and 3.1 respectively for the two outer years of the MTREF. Going forward it will be good financial practices if these levels can be maintained.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/18 financial year the ratio was 0.7 and as part of the financial planning strategy it has been increased to 2.1 in the 2018/19 and has increased to 2.8 in 2019/20 financial year.

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1.10.1.4 Revenue Management

- As part of the financial sustainability, an aggressive revenue management framework should be implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the framework should be to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. The collection rate of this indicator is based on all cash receipts, also for direct income. The collection rate used for the calculation of debtors' payments was 50 per cent and should increase if the municipality wants to be financially viable as a going concern.

1.10.1.5 Creditors Management

- The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

1.10.1.6 Other Indicators

- The municipality needs to know what causes high electricity losses. The municipality then has then to developed mechanism to determine what is an acceptable distribution loss and what should be contributed to theft.
- Employee costs as a percentage of operating revenue is fairly constant over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also fairly constant owing directly to cost drivers such as bulk purchases increasing far above inflation. The expenditure on repairs and maintenance is well below acceptable levels, but the actual cost will only be determined when a costing system is implemented.

1.10.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for free basic services.

For the MTREF, 1903 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 50 kWh of electricity, and free waste removal equivalent once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained elsewhere in this report.

1.11 Overview of budget related-policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following is a broad framework of all the policies the council have:

1.11.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council annually was reviewed. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 50 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels.

1.11.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the Municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

1.11.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the Municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

1.11.4 Supply Chain Management Policy

The Supply Chain Management Policy was reviewed and to be tabled to council for adoption by May 2017.

1.11.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations.

1.11.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

1.11.7 Tariff Policies

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available at the main municipal building, as well as the following budget related policies:

- Corruption & Fraud Policy;
- Debt Write Off Policy;
- Indigent Policy;
- Information Technology Policy;
- Rates & Bylaws Policy;
- Interest Reversal Policy
- Loans Policy
- Unforeseen & Unavoidable Expenditure Policy;
- Administration of Immoveable Property Policy;
- MFMA Delegations Policy.

1.12 Overview of budget assumptions

1.12.1 External factors

Domestically, after five years of strong growth, during which about two million jobs were created, our economy shrank fast and millions of people lost their jobs. It is expected that recovery from this deterioration will be slow and uneven and that growth for 2017/18 will be minimal with a slightly better growth in the outer years.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

1.12.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2017/18 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

1.12.3 Credit rating outlook

The Municipality did not perform a credit rating assessment.

1.12.4 Interest rates for borrowing and investment of funds

The municipality will not borrow any funds during the MTREF period. It is expected that interest rates will be adjusted slightly upwards during the MTREF period and it was budget for as such.

1.12.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (20 per cent) of annual billings. Cash flow is assumed to be 20 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.12.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.12.7 Salary increases

The South African Local Government Bargaining Council entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent.

1.12.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.12.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2017/18 MTREF of which performance has been factored into the cash flow budget.

1.13 Overview of budget funding

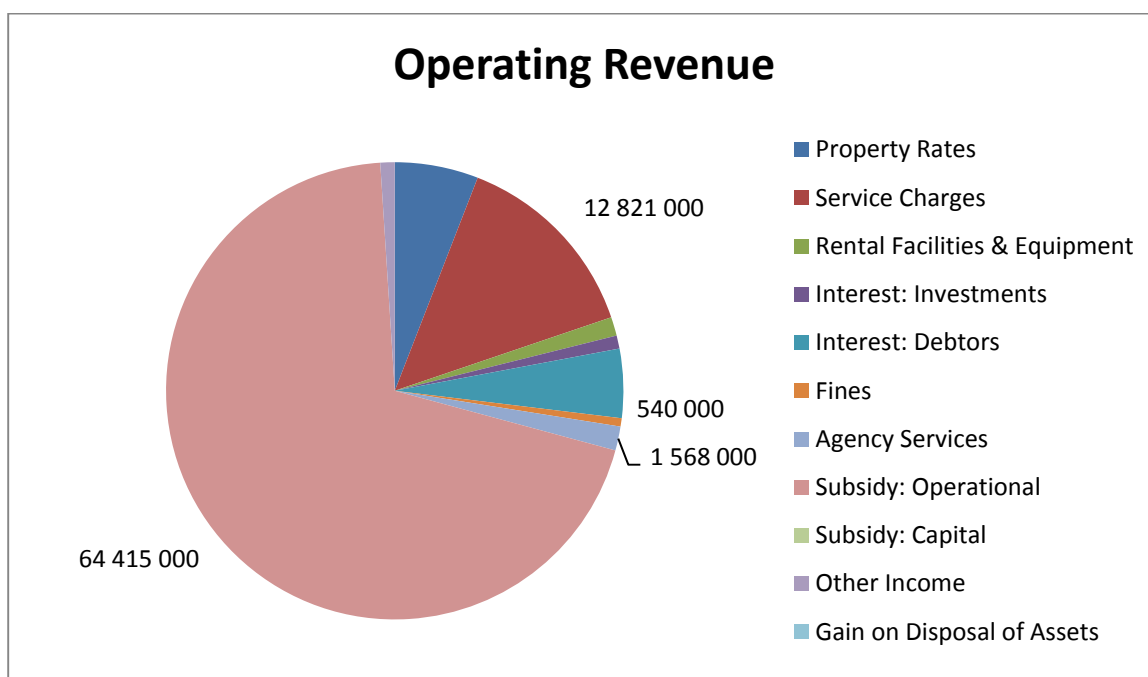
1.13.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

EC138 Sakhisizwe - Table A1 Budget Summary										
Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Financial Performance										
Property rates	-	-	-	-	-	-	-	5 452	5 773	6 108
Service charges	-	-	-	-	-	-	-	12 821	13 577	14 365
Investment revenue	-	-	-	-	-	-	-	862	912	965
Transfers recognised - operational	-	-	-	-	-	-	-	64 415	64 628	65 738
Other own revenue	-	-	-	-	-	-	-	8 751	9 267	9 673
Total Revenue (excluding capital transfers and contributions)	-	-	-	-	-	-	-	92 299	94 157	96 849

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.

Breakdown of operating revenue over the 2017/18 MTREF



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc.).

Investment revenue contributes significantly to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

MBRR SA15 – Detail Investment Information

EC138 Sakhisizwe - Supporting Table SA15 Investment particulars by type										
Investment type	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank								1 000	1 059	1 120
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	-	-	-	-	-	-	1 000	1 059	1 120
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		-	-	-	-	-	-	1 000	1 059	1 120

MBRR SA16 – Investment particulars by maturity

EC138 Sakhisizwe - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Opening balance	Interest to be realised	Closing Balance
Name of institution & investment ID	1	Yrs/Months					
<u>Parent municipality</u>							
Call Investment		Call	Call Investment	Call	1 000	800	1 800
							-
							-
							-
							-
							-
Municipality sub-total					1 000		1 800
<u>Entities</u>							
							-
							-
							-
							-
							-
							-
Entities sub-total					-		-
TOTAL INVESTMENTS AND INTEREST	1				1 000		1 800

1.13.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understanding ability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

MBRR Table A7 - Budget cash flow statement

EC138 Sakhisizwe - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates							5 452		2 726	2 887	3 054
Service charges							14 365		9 868	10 450	11 056
Other revenue							5 368		3 643	3 858	4 082
Government - operating	1						62 730		64 415	64 628	65 738
Government - capital	1						17 812		33 045	20 359	21 613
Interest							3 225		3 112	3 296	3 421
Dividends							-		-	-	-
Payments											
Suppliers and employees							(92 242)		(94 979)	(82 357)	(86 972)
Finance charges							-		(424)	(449)	(460)
Transfers and Grants	1						-		-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	-	-	-	-	16 710	-	21 405	22 670	21 532
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE							-		-	-	-
Decrease (increase) in non-current debtors							-		-	-	-
Decrease (increase) other non-current receivables							-		-	-	-
Decrease (increase) in non-current investments							-		-	-	-
Payments											
Capital assets							(19 182)		(23 234)	(22 351)	(23 734)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	-	-	(19 182)	-	(23 234)	(22 351)	(23 734)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans							-		-	-	-
Borrowing long term/refinancing							1 091		-	-	-
Increase (decrease) in consumer deposits							-		(22)	8	8
Payments											
Repayment of borrowing							(2 017)		(416)	(381)	(254)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	(926)	-	(438)	(373)	(245)
NET INCREASE/ (DECREASE) IN CASH HELD		-	-	-	-	-	(3 398)	-	(2 266)	(54)	(2 447)
Cash/cash equivalents at the year begin:	2						5 537		1 139	(1 127)	(1 181)
Cash/cash equivalents at the year end:	2	-	-	-	-	-	2 139	-	(1 127)	(1 181)	(3 629)

1.13.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

EC138 Sakhisizwe - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	-	-	-	-	-	2 139	-	(1 127)	(1 181)	(3 629)
Other current investments > 90 days		-	-	-	-	-	(0)	-	1 000	1 059	1 120
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	-	-	-	-	2 139	-	(127)	(122)	(2 508)
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	8 616	9 125	9 654
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	-	-	-	8 422	-	3 965	3 842	3 724
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	-	-	-	-	8 422	-	12 581	12 966	13 378
Surplus(shortfall)		-	-	-	-	-	(6 283)	-	(12 709)	(13 089)	(15 887)

From the above table it can be seen that the cash and investments available total R2 million in the 2016/17 financial year and to (R1 million) by 2017/18, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued.

- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the Capital Replacement Reserve, Employee Benefits Reserves and the Rehabilitation of landfill sites and quarries.

1.13.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

MBRR SA10 – Funding compliance measurement

EC138 Sakhisizwe Supporting Table SA10 Funding measurement												
Description	MFMA section	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	-	-	-	-	-	2 139	-	(1 127)	(1 181)	(3 629)
Cash + investments at the yr end less applications - R'000	18(1)b	2	-	-	-	-	-	(6 283)	-	(12 709)	(13 089)	(15 887)
Cash year end/monthly employee/supplier payments	18(1)b	3	-	-	-	-	-	(12.7)	-	(0.2)	(0.2)	(0.5)
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	-	-	-	-	-	-	-	29 064	15 885	14 272
Service charge rev % change - macro CPI-X target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(6.0%)	(0.1%)	(0.2%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	60.1%	60.1%	60.3%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	41.0%	41.0%	41.0%
Capital payments % of capital expenditure	18(1)c;19	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	72.9%	97.8%	97.8%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	(100.0%)	0.0%	13.3%	11.7%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.2%	1.0%	1.0%
Asset renewal % of capital budget	20(1)(vi)	14	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

1.13.4.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.13.4.2 *Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.13.4.3 *Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.13.4.4 *Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2017/18 MTREF and outer years the municipality has a small surplus.

It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.13.4.5 *Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth is higher than forecasted CPIX for the respective financial year of the 2017/18 MTREF which is mainly due to higher electricity tariff increase. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

1.13.4.6 *Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 50 per cent performance target, the cash flow statement has been conservatively determined. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. This measure and performance objective will have to be meticulously managed. Should performance with the mid-

year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.13.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 20 per cent over the MTREF. .

1.13.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

1.13.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers and therefore no percentage is being shown as outstanding.

1.13.4.10 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position.

1.13.4.11 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected.

1.13.4.12 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

1.14 Expenditure on grants and reconciliations of unspent funds

MBRR SA19 - Expenditure on transfers and grant programmes

EC138 Sakhisizwe - Supporting Table SA19 Expenditure on transfers and grant programme										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	64 035	64 248	65 336
Local Government Equitable Share								59 593	61 476	62 498
Local Government Financial Management Grant								1 700	1 700	1 700
National Government - Municipal Infrastructure Grant								1 634	1 072	1 138
Municipal Systems Improvement								-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities								1 108	-	-
Integrated National Electrification Programme								-	-	-
Provincial Government:		-	-	-	-	-	-	380	380	402
Libraries, Archives and Museums - Library Service								380	380	402
District Municipality:		-	-	-	-	-	-	-	-	-
Beautification of Towns								-	-	-
Eagle Eye								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		-	-	-	-	-	-	64 415	64 628	65 738
Capital expenditure of Transfers and Grants										
National Government:		-	-	-	-	-	-	33 045	20 359	21 613
National Government - Municipal Infrastructure Grant								31 045	20 359	21 613
Integrated National Electrification Programme								2 000	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Beautification of Towns								-	-	-
Eagle Eye								-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		-	-	-	-	-	-	33 045	20 359	21 613
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		-	-	-	-	-	-	97 460	84 986	87 351

MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

EC138 Sakhisizwe - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								64 035	64 248	65 336
Conditions met - transferred to revenue		-	-	-	-	-	-	64 035	64 248	65 336
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts								380	380	402
Conditions met - transferred to revenue		-	-	-	-	-	-	380	380	402
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		-	-	-	-	-	-	64 415	64 628	65 738
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts								33 045	20 359	21 613
Conditions met - transferred to revenue		-	-	-	-	-	-	24 429	11 234	11 960
Conditions still to be met - transferred to liabilities								8 616	9 125	9 654
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		-	-	-	-	-	-	24 429	11 234	11 960
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	8 616	9 125	9 654
TOTAL TRANSFERS AND GRANTS REVENUE		-	-	-	-	-	-	88 844	75 861	77 697
TOTAL TRANSFERS AND GRANTS - CTBM		-	-	-	-	-	-	8 616	9 125	9 654

1.15 Councillor and employee benefits

MBRR SA22 - Summary of councillor and staff benefits

EC138 Sakhisizwe - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages								7 107	7 526	7 963
Pension and UIF Contributions								820	868	919
Medical Aid Contributions								94	99	105
Motor Vehicle Allowance								-	-	-
Cellphone Allowance								388	410	434
Housing Allowances								-	-	-
Other benefits and allowances								-	-	-
Sub Total - Councillors		-	-	-	-	-	-	8 408	8 905	9 421
% increase	4	-	-	-	-	-	-	-	5.9%	5.8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages								5 834	6 179	6 537
Pension and UIF Contributions								461	488	517
Medical Aid Contributions								151	160	169
Overtime								-	-	-
Performance Bonus								630	667	706
Motor Vehicle Allowance	3							264	280	296
Cellphone Allowance	3							66	70	74
Housing Allowances	3							82	87	92
Other benefits and allowances	3							0	0	0
Payments in lieu of leave								352	373	394
Long service awards								-	-	-
Post-retirement benefit obligations	6							-	-	-
Sub Total - Senior Managers of Municipality		-	-	-	-	-	-	7 840	8 303	8 784
% increase	4	-	-	-	-	-	-	-	5.9%	5.8%
Other Municipal Staff										
Basic Salaries and Wages								22 681	23 066	24 403
Pension and UIF Contributions								3 304	3 499	3 702
Medical Aid Contributions								1 697	1 798	1 902
Overtime								-	-	-
Performance Bonus								-	-	-
Motor Vehicle Allowance	3							17	18	19
Cellphone Allowance	3							8	8	9
Housing Allowances	3							-	-	-
Other benefits and allowances	3							1 130	1 515	1 603
Payments in lieu of leave								-	-	-
Long service awards								-	-	-
Post-retirement benefit obligations	6							146	154	163
Sub Total - Other Municipal Staff		-	-	-	-	-	-	28 982	30 057	31 800
% increase	4	-	-	-	-	-	-	-	3.7%	5.8%
Total Parent Municipality		-	-	-	-	-	-	45 231	47 264	50 006
		-	-	-	-	-	-	-	4.5%	5.8%
TOTAL SALARY, ALLOWANCES & BENEFITS		-	-	-	-	-	-	45 231	47 264	50 006
% increase	4	-	-	-	-	-	-	-	4.5%	5.8%
TOTAL MANAGERS AND STAFF	5,7	-	-	-	-	-	-	36 823	38 360	40 585

MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

EC138 Sakhisizwe - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)								
Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		541 221	90 961	22 800			654 982
Chief Whip			–	–	–			–
Executive Mayor			795 913	–	22 800			818 713
Deputy Executive Mayor			–	–	–			–
Executive Committee			–	–	–			–
Total for all other councillors			5 769 795	822 953	342 000			6 934 748
Total Councillors	8	–	7 106 929	913 915	387 600			8 408 444
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1 392 171	152 129	183 708	173 101		1 901 109
Chief Finance Officer			767 195	186 352	72 000	133 865		1 159 411
Manager - Community Services			953 241	43 458	12 000	61 647		1 070 346
Manager - Strategic Services			631 555	115 177	76	–		746 809
Manager - Technical Services			1 023 602	1 785	72 000	105 593		1 202 979
Manager - IPED			451 613	111 562	76	37 429		600 680
Manager - Corporate Services			966 745	1 785	72 000	118 281		1 158 810
								–
Total Senior Managers of the Municipality	8,10	–	6 186 121	612 248	411 860	629 914		7 840 144
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	13 293 050	1 526 163	799 460	629 914		16 248 588

MBRR SA24 – Summary of personnel numbers

EC138 Sakhisizwe - Supporting Table SA24 Summary of personnel numbers											
Summary of Personnel Numbers		Ref	2015/16			Current Year 2016/17			Budget Year 2017/18		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities											
Councillors (Political Office Bearers plus Other Councillors)									17		
Board Members of municipal entities		4									
Municipal employees											
Municipal Manager and Senior Managers		5									
Other Managers		3							8		8
Professionals		7							2		2
<i>Finance</i>			-	-	-	-	-	-	1	-	1
<i>Spatial/town planning</i>									1		1
<i>Information Technology</i>											
<i>Roads</i>											
<i>Electricity</i>											
<i>Water</i>											
<i>Sanitation</i>											
<i>Refuse</i>											
<i>Other</i>											
Technicians			-	-	-	-	-	-	107	107	-
<i>Finance</i>											
<i>Spatial/town planning</i>											
<i>Information Technology</i>									1	1	
<i>Roads</i>									2	2	
<i>Electricity</i>									2	2	
<i>Water</i>										-	
<i>Sanitation</i>										-	
<i>Refuse</i>										-	
<i>Other</i>									102	102	
Clerks (Clerical and administrative)									25	25	
Service and sales workers											
Skilled agricultural and fishery workers											
Craft and related trades											
Plant and Machine Operators									15	15	
Elementary Occupations											
TOTAL PERSONNEL NUMBERS		9	-	-	-	-	-	-	175	147	11

1.16 Monthly targets for revenue, expenditure and cash flow

MBRR SA25 - Budgeted monthly revenue and expenditure

Sakhisizwe Municipality

EC138 Sakhisizwe - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description		Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand	July		August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
Revenue By Source																	
Property rates			454	454	454	454	454	454	454	454	454	454	454	5 452	5 773	6 108	
Service charges - electricity revenue			761	761	761	761	761	761	761	761	761	761	761	9 130	9 668	10 229	
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue			308	308	308	308	308	308	308	308	308	308	308	3 691	3 909	4 135	
Service charges - other			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Rental of facilities and equipment			90	90	90	90	90	90	90	90	90	90	225	1 213	1 284	1 359	
Interest earned - external investments			71	71	71	71	71	71	71	71	71	71	78	862	912	965	
Interest earned - outstanding debtors			375	375	375	375	375	375	375	375	375	375	376	4 501	4 767	4 912	
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits			3	3	3	3	3	3	3	3	3	3	2	35	37	39	
Licences and permits			-	-	-	-	-	-	-	-	-	-	505	505	535	566	
Agency services			136	136	136	136	136	136	136	136	136	136	70	1 568	1 661	1 757	
Transfers and subsidies			-	-	-	380	31 249	-	-	31 249	-	-	1 538	64 415	64 628	65 738	
Other revenue			77	77	77	77	77	77	77	77	77	77	77	929	984	1 041	
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)			2 275	2 275	2 275	2 655	33 524	2 275	2 275	2 275	33 524	2 275	2 275	4 394	92 299	94 157	96 849
Expenditure By Type																	
Employee related costs			3 077	3 077	3 077	3 077	3 077	3 119	3 077	3 077	3 077	3 077	2 933	36 823	38 360	40 585	
Remuneration of councillors			701	701	701	701	701	701	701	701	701	701	701	8 408	8 905	9 421	
Debt impairment			625	625	625	625	625	625	625	625	625	625	625	7 500	7 943	8 403	
Depreciation & asset impairment			566	566	566	566	566	566	566	566	566	566	566	6 788	7 188	7 590	
Finance charges			35	35	35	35	35	35	35	35	35	35	35	424	449	460	
Bulk purchases			787	787	787	787	787	787	787	787	787	787	787	9 446	10 003	10 583	
Other materials			18	18	18	18	18	18	18	18	18	18	18	222	235	248	
Contracted services			900	900	900	900	900	900	900	900	900	900	900	10 797	9 215	9 620	
Transfers and subsidies			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure			1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	1 323	15 873	16 333	17 279	
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Expenditure			8 032	8 032	8 032	8 032	8 074	8 032	8 032	8 032	8 032	8 032	7 888	96 281	98 631	104 190	
Surplus/(Deficit)			(5 757)	(5 757)	(5 757)	(5 377)	25 492	(5 799)	(5 757)	(5 757)	25 492	(5 757)	(5 757)	(3 494)	(3 981)	(4 474)	(7 341)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			33 045										-	33 045	20 359	21 613	
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-	-	-	-	
Transfers and subsidies - capital (in-kind - all)													-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions			27 288	(5 757)	(5 757)	(5 377)	25 492	(5 799)	(5 757)	(5 757)	25 492	(5 757)	(5 757)	(3 494)	29 064	15 885	14 272
Taxation													-	-	-	-	
Attributable to municipalities																	

MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

EC138 Sakhisizwe - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue - Functional																
Governance and administration		22 290	726	726	726	20 590	726	726	726	20 590	726	726	726	70 001	72 397	73 823
Executive and council		1 123	–	–	–	1 123	–	–	–	1 123	–	–	–	3 368	3 535	3 702
Finance and administration		21 167	726	726	726	19 467	726	726	726	19 467	726	726	726	66 633	68 862	70 121
Internal audit		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		10	10	10	390	10	10	10	10	10	10	10	10	499	506	535
Community and social services		6	6	6	386	6	6	6	6	6	6	6	6	449	453	479
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Public safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Housing		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		11 604	220	220	220	11 604	220	220	220	11 604	220	220	9 836	46 410	32 680	34 653
Planning and development		11 521	136	136	136	11 521	136	136	136	11 521	136	136	136	35 787	21 430	22 751
Road transport		84	84	84	84	84	84	84	84	84	84	84	9 700	10 623	11 250	11 902
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		703	703	703	703	703	703	703	703	703	703	703	703	8 435	8 932	9 450
Energy sources		237	237	237	237	237	237	237	237	237	237	237	237	2 843	3 011	3 186
Water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		466	466	466	466	466	466	466	466	466	466	466	466	5 591	5 921	6 265
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		34 607	1 659	1 659	2 039	32 907	1 659	1 659	1 659	32 907	1 659	1 659	11 274	125 344	114 516	118 462
Expenditure - Functional																
Governance and administration		5 331	5 331	5 331	5 331	5 331	5 331	5 331	5 331	5 331	5 331	5 331	5 331	63 970	65 526	69 165
Executive and council		959	959	959	959	959	959	959	959	959	959	959	959	11 506	12 185	12 892
Finance and administration		4 321	4 321	4 321	4 321	4 321	4 321	4 321	4 321	4 321	4 321	4 321	4 321	51 848	52 689	55 583
Internal audit		51	51	51	51	51	51	51	51	51	51	51	51	615	652	689
Community and public safety		381	363	363	363	363	376	363	433	363	363	363	1 333	5 424	5 744	6 077
Community and social services		330	315	315	315	315	325	315	385	315	315	315	1 294	4 851	5 137	5 435
Sport and recreation		3	3	3	3	3	3	3	3	3	3	3	3	30	32	34
Public safety		1	1	1	1	1	1	1	1	1	1	1	1	10	11	11
Housing		48	45	45	45	45	48	45	45	45	45	45	36	533	565	598
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		647	647	647	647	647	647	647	647	647	647	647	647	7 766	6 794	7 188
Planning and development		255	255	255	255	255	255	255	255	255	255	255	255	3 059	2 128	2 251
Road transport		392	392	392	392	392	392	392	392	392	392	392	392	4 706	4 666	4 937
Environmental protection		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Trading services		1 767	1 672	1 700	1 672	1 672	1 672	1 672	1 672	1 672	1 672	1 672	(1 559)	16 958	18 277	19 337
Energy sources		1 274	1 179	1 207	1 179	1 179	1 179	1 179	1 179	1 179	1 179	1 179	(2 054)	11 038	11 689	12 367
Water management		–	–	–	–	–	–	–	–	–	–	–	2	2	2	2
Waste water management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Waste management		493	493	493	493	493	493	493	493	493	493	493	493	5 919	6 586	6 968
Other		–	–	–	–	–	–	–	–	–	–	–	2 162	2 162	2 290	2 423
Total Expenditure - Functional		8 126	8 013	8 041	8 013	8 013	8 026	8 013	8 083	8 013	8 013	8 013	7 915	96 281	98 631	104 190
Surplus/(Deficit) before assoc.		26 481	(6 354)	(6 382)	(5 974)	24 894	(6 368)	(6 354)	(6 424)	24 894	(6 354)	(6 354)	3 359	29 064	15 885	14 272
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	26 481	(6 354)	(6 382)	(5 974)	24 894	(6 368)	(6 354)	(6 424)	24 894	(6 354)	(6 354)	3 359	29 064	15 885	14 272

MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

EC138 Sakhisizwe - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Revenue by Vote																
Vote 1 - EXECUTIVE AND COUNCIL		1 123				1 123				1 123			–	3 368	3 535	3 702
Vote 2 - BUDGET AND TREASURY		21 167	726	726	726	19 467	726	726	726	19 467	726	726	651	66 558	68 783	70 037
Vote 3 - CORPORATE SERVICES		6	6	6	6	6	6	6	6	6	6	6	6	75	79	84
Vote 4 - PLANNING & DEVELOPMENT		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 5 - TECHNICAL SERVICES		3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	3 869	46 425	32 696	34 671
Vote 6 - COMMUNITY SERVICES		743	743	743	743	743	743	743	743	743	743	743	743	8 918	9 422	9 969
Total Revenue by Vote		26 908	5 344	5 344	5 344	25 208	5 344	5 344	5 344	25 208	5 344	5 344	5 269	125 344	114 516	118 462
Expenditure by Vote to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL		1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	1 141	13 690	14 497	15 338
Vote 2 - BUDGET AND TREASURY		2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	2 371	28 451	27 912	29 384
Vote 3 - CORPORATE SERVICES		1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	1 560	18 725	19 830	20 965
Vote 4 - PLANNING & DEVELOPMENT		77	77	77	77	77	77	77	77	77	77	77	77	918	814	861
Vote 5 - TECHNICAL SERVICES		1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	1 551	18 609	18 437	19 506
Vote 6 - COMMUNITY SERVICES		1 324	1 324	1 324	1 324	1 324	1 324	1 324	1 324	1 324	1 324	1 324	1 324	15 886	17 141	18 135
Total Expenditure by Vote		8 023	8 023	8 023	8 023	8 023	8 023	8 023	8 023	8 023	8 023	8 023	8 023	96 281	98 631	104 190
Surplus/(Deficit) before assoc.		18 885	(2 680)	(2 680)	(2 680)	17 185	(2 680)	(2 680)	(2 680)	17 185	(2 680)	(2 680)	(2 755)	29 064	15 885	14 272
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	18 885	(2 680)	(2 680)	(2 680)	17 185	(2 680)	(2 680)	(2 680)	17 185	(2 680)	(2 680)	(2 755)	29 064	15 885	14 272

MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

EC138 Sakhisizwe - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand																
Multi-year expenditure to be appropriated	1															
Vote 1 - EXECUTIVE AND COUNCIL		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Vote 2 - BUDGET AND TREASURY		21	21	21	21	21	21	21	21	21	21	21	21	250	265	280
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - TECHNICAL SERVICES		1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	1 417	2 417	18 000	21 430	22 751
Vote 6 - COMMUNITY SERVICES		1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	1 125	13 500	1 059	1 120
Capital multi-year expenditure sub-total	2	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	3 571	31 850	22 860	24 264
Single-year expenditure to be appropriated																
Vote 1 - EXECUTIVE AND COUNCIL													-	-	-	-
Vote 2 - BUDGET AND TREASURY													-	-	-	-
Vote 3 - CORPORATE SERVICES													-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT													-	-	-	-
Vote 5 - TECHNICAL SERVICES													-	-	-	-
Vote 6 - COMMUNITY SERVICES													-	-	-	-
Capital single-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	2	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	3 571	31 850	22 860	24 264

MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

EC138 Sakhisizwe - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)																
Description	Ref	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		29	29	29	29	29	29	29	29	29	29	29	29	350	371	392
Executive and council		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Finance and administration		21	21	21	21	21	21	21	21	21	21	21	21	250	265	280
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	12 500	-	-
Community and social services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sport and recreation		1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	1 042	12 500	-	-
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	16 000	21 430	22 751
Planning and development		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road transport		1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	1 333	16 000	21 430	22 751
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		167	167	167	167	167	167	167	167	167	167	167	1 167	3 000	1 059	1 120
Energy sources		167	167	167	167	167	167	167	167	167	167	167	167	2 000	-	-
Water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-	-	1 000	1 000	1 059	1 120
<i>Other</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	2	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	2 571	3 571	31 850	22 860	24 264
Funded by:																
National Government		2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	30 500	20 359	21 613
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	2 542	30 500	20 359	21 613
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		112 500.00	113	113	113	113	113	113	113	113	113	113	113	1 350	2 501	2 650
Total Capital Funding		2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	2 654	31 850	22 860	24 264

MBRR SA30 - Budgeted monthly cash flow



Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.17 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

SA36 - Detailed capital budget per municipal vote

Sakhisizwe Municipality

EC138 Sakhisizwe - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project R thousand	Ref 4	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No) 6	Asset Class 3	Asset Sub-Class 3	2017/18 Medium Term Revenue & Expenditure Framework			Project infor
								Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Ward location
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>											
9000/9007/0000		Office Furniture & Equipment: Municipal Manager				<i>Furniture and Office Equipment</i>	<i>Unspecified</i>	100	106	112	Ward 2
9000/9007/0000		Office Furniture & Equipment: Budget and Treasury				<i>Furniture and Office Equipment</i>	<i>Unspecified</i>	100	106	112	
9000/9005/0000		Computer Equipment: IT Services				<i>Computer Equipment</i>	<i>Unspecified</i>	150	159	168	
9000/9031/0000		Landfill sites: WIP				<i>Solid Waste Infrastructure</i>	<i>Landfill Sites</i>	1 000	1 059	1 120	
9000/9045/0000		Ookolo to Kopitjie Access Road Phase 2				<i>Roads Infrastructure</i>	<i>Road Structures</i>	2 000	21 430	22 751	
9000/9045/0000		Kuthule Access Road				<i>Roads Infrastructure</i>	<i>Road Structures</i>	5 000			
9000/9045/0000		Elliot Town Residential Roads				<i>Roads Infrastructure</i>	<i>Road Structures</i>	2 000			
9000/9045/0000		Caltonia Construction of Road & Stormwater				<i>Roads Infrastructure</i>	<i>Road Structures</i>	5 000			
9000/9045/0000		Askeaton to Panatjiep Access Roads				<i>Roads Infrastructure</i>	<i>Road Structures</i>	–			
9000/9045/0000		Manzana Access Road				<i>Roads Infrastructure</i>	<i>Road Structures</i>	2 000			
9000/9023/0000		Hawkers stalls: Completed				<i>Community Facilities</i>	<i>Halls</i>		–	–	
9000/9041/0000		Sportsfields: WIP				<i>Sport and Recreation Facilities</i>	<i>Outdoor Facilities</i>	12 500	–	–	
9000/9025/0000		INEP - Gubenxa & Maxongo				<i>Electrical Infrastructure</i>	<i>MV Networks</i>	2 000	–	–	
Parent Capital expenditure	1							31 850	22 860	24 264	
Entity Capital expenditure								–	–	–	
Total Capital expenditure								31 850	22 860	24 264	

1.18 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In-year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns, three has been appointed permanently. Of the remaining three, two are in service and undergoing Finance Management training. Since the introduction of the Internship programme the Municipality has successfully employed and trained all interns that have been in our service.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detailed SDBIP document is in a draft stage and will be finalised after approval of the 2017/18 MTREF in May 2017 directly aligned and informed by the 2017/18 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is on-going.
8. Policies
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

BRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

EC138 Sakhisizwe - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - EXECUTIVE AND COUNCIL	Vote 2 - BUDGET AND TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - PLANNING & DEVELOPME NT	Vote 5 - TECHNICAL SERVICES	Vote 6 - COMMUNITY SERVICES	Total
R thousand	1							
Revenue By Source								
Property rates		–	5 452	–	–	–	–	5 452
Service charges - electricity revenue		–	–	–	–	9 130	–	9 130
Service charges - refuse revenue		–	–	–	–	–	3 691	3 691
Service charges - other		–	–	–	–	–	–	–
Rental of facilities and equipment		–	85	70	–	1 007	51	1 213
Interest earned - external investments		–	855	5	–	2	–	862
Interest earned - outstanding debtors		–	2 100	–	–	500	1 901	4 501
Dividends received		–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	–	–	–	35	35
Licences and permits		–	20	–	–	–	485	505
Agency services		–	–	–	–	–	1 568	1 568
Other revenue		–	121	–	–	–	808	929
Transfers and subsidies		3 368	57 925	–	–	2 742	380	64 415
Gains on disposal of PPE		–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		3 368	66 558	75	–	13 380	8 918	92 299
Expenditure By Type								
Employee related costs		4 073	6 377	5 836	715	6 889	12 933	36 823
Remuneration of councillors		8 408	–	–	–	–	–	8 408
Debt impairment		–	4 500	–	–	800	2 200	7 500
Depreciation & asset impairment		–	–	6 788	–	–	–	6 788
Finance charges		–	424	–	–	–	–	424
Bulk purchases		–	–	–	–	9 444	2	9 446
Other materials		–	222	–	–	–	–	222
Contracted services		988	9 084	500	10	–	215	10 797
Transfers and subsidies		–	–	–	–	–	–	–
Other expenditure		221	7 845	5 601	194	1 477	536	15 873
Loss on disposal of PPE		–	–	–	–	–	–	–
Total Expenditure		13 690	28 451	18 725	918	18 609	15 886	96 281
Surplus/(Deficit)		(10 322)	38 106	(18 650)	(918)	(5 229)	(6 968)	(3 981)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	–	–	33 045	–	33 045
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		(10 322)	38 106	(18 650)	(918)	27 816	(6 968)	29 064

MBRR Table SA3 – Supporting detail to Statement of Financial Position

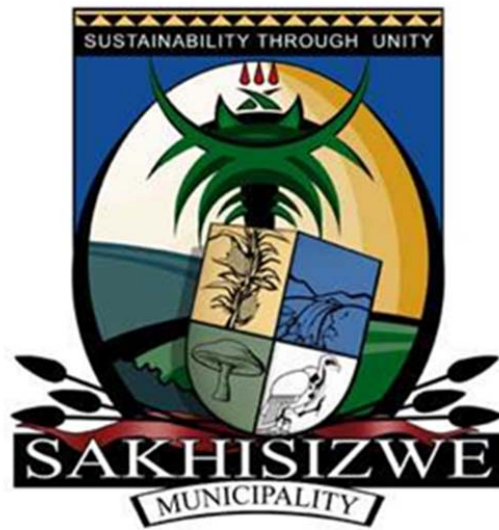
Sakhisizwe Municipality

EC138 Sakhisizwe - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

EC 150 Sakinziwe - Supporting Table SA3 Supporting detail to Budgeted Financial Position									2017/18 Medium Term Revenue & Expenditure Framework		
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome			
R thousand											
ASSETS											
Call investment deposits											
Call deposits							1 000		1 000	1 059	1 120
Other current investments							-				
Total Call investment deposits	2	-	-	-	-	-	1 000	-	1 000	1 059	1 120
Consumer debtors											
Consumer debtors							61 854		70 390	79 429	88 926
Less: Provision for debt impairment							(56 006)		(63 506)	(71 448)	(79 852)
Total Consumer debtors	2	-	-	-	-	-	5 849	-	6 884	7 980	9 075
Debt impairment provision											
Balance at the beginning of the year							48 505		56 006	63 506	71 448
Contributions to the provision							7 500		7 500	7 943	8 403
Bad debts written off							-				
Balance at end of year		-	-	-	-	-	56 006	-	63 506	71 448	79 852
Property, plant and equipment (PPE)											
PPE at cost/v valuation (excl. finance leases)							283 762		315 612	338 472	362 736
Leases recognised as PPE	3						-				
Less: Accumulated depreciation							100 214		107 002	114 190	121 781
Total Property, plant and equipment (PPE)	2	-	-	-	-	-	183 549	-	208 611	224 282	240 955
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)							4 201		2 967	2 373	1 899
Current portion of long-term liabilities							-				
Total Current liabilities - Borrowing		-	-	-	-	-	4 201	-	2 967	2 373	1 899
Trade and other payables											
Trade and other creditors							8 422		8 927	9 463	10 030
Unspent conditional transfers							-		8 616	9 125	9 654
VAT							-				
Total Trade and other payables	2	-	-	-	-	-	8 422	-	17 543	18 587	19 684
Non current liabilities - Borrowing											
Borrowing	4						-				
Finance leases (including PPP asset element)							2 783		3 600	3 813	4 034
Total Non current liabilities - Borrowing		-	-	-	-	-	2 783	-	3 600	3 813	4 034
Provisions - non-current											
Retirement benefits							2 526		2 763	2 926	3 096
List other major provision items											
Refuse landfill site rehabilitation							15 898		1 730	1 832	1 938
Other							-				
Total Provisions - non-current		-	-	-	-	-	18 425	-	4 493	4 759	5 035
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance							179 450		193 042	222 105	237 990
GRAP adjustments							-				
Restated balance		-	-	-	-	-	179 450	-	193 042	222 105	237 990
Surplus/(Deficit)		-	-	-	-	-	13 592	-	29 064	15 885	14 272
Appropriations to Reserves							-				
Transfers from Reserves							-				
Depreciation offsets							-				
Other adjustments							-				
Accumulated Surplus/(Deficit)	1	-	-	-	-	-	193 042	-	222 105	237 990	252 262
Reserves											
Housing Development Fund							-				
Capital replacement							-				
Self-insurance							-				
Other reserves							-				
Revaluation							-				
Total Reserves	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	-	-	-	-	-	193 042	-	222 105	237 990	252 262

MBRR Table SA9 – Social, economic and demographic statistics and assumptions

Services provided by 'external mechanisms'	Ref.		2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Names of service providers		Energy:									
		Electricity (at least min.service level)									
		Electricity - prepaid (min.service level)							1 450 000	1 534 100	1 623 078
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	1 450 000	1 534 100	1 623 078
		Electricity (< min.service level)									
		Electricity - prepaid (< min. service level)									
		Other energy sources									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	1 450 000	1 534 100	1 623 078
Names of service providers		Refuse:									
		Removed at least once a week									
		<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
		Removed less frequently than once a week									
		Using communal refuse dump									
		Using own refuse dump									
		Other rubbish disposal									
		No rubbish disposal									
		<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
		Total number of households	-	-	-	-	-	-	-	-	-
Detail of Free Basic Services (FBS) provided			2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
			Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Electricity		Location of households for each type of FBS									
List type of FBS service		Formal settlements - (50 kwh per indigent household per month R'000)							1 550 000	1 641 450	1 736 654
		Total cost of FBS - Electricity for informal settlements	-	-	-	-	-	-	-	-	-



1.19 Municipal Manager's quality certificate

I, Municipal Manager of Sakhisizwe Municipality, hereby certify that the annual final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Sakhisizwe Municipality (EC138)

Signature _____

Date _____